September 17, 2019

Ms. Sherry Hazel  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Dear Ms. Hazel:

We have reviewed the AICPA Auditing Standards Board’s proposed statement on auditing standards entitled *Audit Evidence* and generally agree with the proposed amendments. We support the ASB’s efforts to align the terminology of U.S. auditing standards with that of the international auditing standards and reinforcing the concept of professional skepticism. Our responses to the issues for consideration are as follows:

**Request for Comment 1**  
Please provide your views on whether the revised scope section of the proposed SAS clearly explains the relationship between the proposed SAS and other AU-C sections, including AU-C sections 315, 330, and 700. If the scope section does not clearly explain the relationship, please indicate why.

Response: Paragraph 3 and the associated footnotes in paragraph 3 sufficiently explains the relationship between AU-C 500 and the other AU-C sections.

**Request for Comment 2**  
If implemented, would the new requirements and application material assist the auditor in more effectively evaluating whether sufficient appropriate audit evidence has been obtained? If not, please explain why.

Response: Yes, we consider the new requirements and application material as beneficial to the auditor in evaluating whether sufficient appropriate audit evidence has been obtained, while still realizing that this is a matter of auditor judgment.

**Request for Comment 3**  
Would the proposed attributes and factors expand the types and sources of information considered by the auditor as audit evidence by lessening the emphasis on how audit evidence is obtained (that is, “audit procedures performed”)? If not, please explain why.
Response: Yes, we consider the proposed diagram in paragraphs 5, A12, A34 and A45 as beneficial to the auditor as identifying relevant attributes and factors to consider.

**Request for Comment 4**
Are there relevant attributes and factors of audit evidence missing from the proposed SAS that should be considered by the auditor when evaluating the appropriateness of audit evidence? If so, please describe them.

Response: No, we have not identified any missing relevant attributes or factors.

**Request for Comment 5**
Does the diagram in the proposed SAS appropriately depict the attributes and factors that the auditor considers in evaluating whether sufficient appropriate audit evidence has been obtained?

Response: Yes.

**Request for Comment 6**
Please provide your views on whether the examples in the proposed SAS are useful to auditors. If the examples are not useful, please explain why.

Response: The examples as very useful and should be maintained in the released standard.

**Request for Comment 7**
Do you agree with the approach taken by the ASB in addressing the topic of professional skepticism? If not, please explain why.

Response: Yes, the proposed standard properly reminds the auditor of the importance of professional skepticism and its proper application.

**Request for Comment 8**
If the guidance in the proposed SAS is implemented, would the application of professional skepticism be enhanced and more clearly understood in evaluating whether sufficient appropriate audit evidence has been obtained? If not, please explain why.

Response: Yes, the proposed standard reinforces the concept of professional skepticism and appropriately describes the underlying factors and biases that should be considered.
Request for Comment 9
Are the changes to the definitions in extant AU-C section 500 appropriate? If not, please explain why.

Response: We consider the definitions appropriate and have no suggested changes.

Request for Comment 10
Are there any other definitions that should be included in the proposed SAS? If so, describe them.

Response: We have no other suggested definitions to include.

Request for Comment 11
Please provide your views on whether (a) the guidance added to the application material of the proposed SAS to explain the implications and role of automated tools and techniques in the current audit environment is beneficial and (b) the proposed SAS is enhanced by using illustrations of automated tools and techniques; that is, whether the proposed SAS is more relevant to audits conducted in today’s environment.

Response: We agree with the proposed treatment of audit data analytics as an audit technique and with the broad use of the term automated tools and techniques to encompass emerging technologies, including artificial intelligence. We consider all illustrations as beneficial given the varying nature of emerging technologies.

Request for Comment 12
Do you agree that AU-C section 330 combined with the attributes and factors in the proposed SAS would assist the auditor in concluding whether an oral confirmation should be supplemented by a written confirmation of the information?

Response: We agree that in lower risk situations, an oral confirmation, properly documented in the workpapers and from an appropriate individual, should be considered appropriate evidence in conjunction with AU-C 330. When confirming significant balances, we recommend the extant practice of obtaining written confirmations.

Request for Comment 13
Is relocation of the content dealing with management’s specialist from AU-C section 500 to AU-C section 501 or to a separate new standard appropriate? If not, please explain why.
Response: Yes, the consideration of management's specialists is rare enough that it should be separated into its own AU-C section. This would allow for greater brevity within AU-C 500.

Request for Comment 14
If you agree that relocation is appropriate, what are your views about whether the management’s specialist content should be addressed in AU-C section 501 or in a separate new standard?

Response: The subtitle of AU-C 501 Specific Considerations of Selected Items is a broad title that will allow for the inclusion of consideration of management’s specialist such that it should not be a separate standard.

Request for Comment 15
Do you believe that the application of this proposed SAS would result in audit documentation requirements beyond those in AU-C section 230 and other AU-C sections? If so, describe how the proposed SAS is perceived to expand the audit documentation requirements existing in AU-C section 230 and other AU-C sections.

Response: We believe that the proposed SAS does not establish documentation requirements beyond those that already exist in Section 230.

We appreciate the opportunity to comment on this exposure draft. Should you have any questions or desire further details on our comments, please contact me or Craig M. Murray, CPA, CGFM, CIA, Director of Professional Practice.

Sincerely,

Doug Ringler
Auditor General

Via email