September 17, 2019
Sherry Hazel
AICPA Auditing Standards Board
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To Whom It May Concern,

We appreciate the opportunity to respond to the AICPA Auditing Standards Board’s exposure draft on *Audit Evidence*. In responding, we have incorporated feedback on specific aspects of the proposed statement requests for comment as included below.

**Requests for Comment**

**Request for Comment 1**

We believe that 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.

**Request for Comment 2**

We do not believe that the new requirements and application material assist the auditor in more effectively evaluating whether sufficient appropriate audit evidence has been obtained. While several of the new examples in the application guidance validated existing auditing practices in our office, we do not expect the revised guidance to change our approach to obtaining evidence in the future. Similar to the respondents to *Exploring the Growing Use of Technology in the Audit, With a Focus on Data Analytics* discussed within the ‘Background’ section, we believe existing principles in the clarified auditing standards already accommodate emerging audit techniques, such as audit data analytics.

**Request for Comment 3**

Consistent with our response to Comment 2 above, we do not expect the revised guidance to change our approach to obtaining evidence in the future, including the sources and types of information used as evidence. We do acknowledge that some audit firms do not embrace emerging audit techniques. However, we are not convinced that this reluctance is a result of the auditing standards and; therefore, do not believe these proposed changes to the auditing standards will independently result in auditors expanding the types and sources of evidence.
Request for Comment 4

We believe that all necessary, relevant attributes and factors are included in the proposed SAS are properly included for consideration when evaluating the appropriateness of audit evidence.

Request for Comment 5

As presented, the diagram provides supportive concepts for the evaluation of potential audit evidence, but does not convey a holistic, principles-based approach or framework. Specifically, relevance is not addressed in the cube and it is unclear how the factors of reliability interact with or relate to the sources. It does not provide a hierarchy of the level of assurance provided by sources or otherwise provide guiding principles to assist the auditor in recognizing a good source from a bad source. We also believe the notion of contradictory or corroborative is intuitive to audit and an unhelpful component of the cube.

Request for Comment 6

Overall, we believe many of the examples will be useful. While we acknowledge the Board’s efforts to provide modern examples, we do caution the Board against referencing specific technologies (such as blockchain) in its authoritative guidance, which may quickly become outdated as technology advancements progress.

Request for Comments 7 & 8

In general, we agree with the Board’s decision to interweave the concept of professional skepticism throughout the requirements. However, we are concerned that the proposed statement does not also address professional skepticism directly. The “Background” section of the exposure draft’s introduction includes the following guidance, “Professional skepticism includes being alert to audit evidence that contradicts other audit evidence obtained or information that brings into question the reliability of documents or responses to inquiries to be used as audit evidence. The auditor may accept records and documents as genuine unless the auditor has reason to believe the contrary. Nevertheless, the auditor is required to consider the reliability of information to be used as audit evidence.” We found this guidance to be helpful in placing the concept of professional skepticism into context and recommend similar language be carried forward to the “Relevance and Reliability” section (paragraph 10) of the proposed statement. We also understand that professional skepticism is directly addressed within AU-C Section 200, but believe the concept is important and more likely to be considered within the context of audit evidence if also directly addressed in this section.

Request for Comment 9

We believe that most definitions presented within the standard are appropriate; however, we disagree with the removal of the term “quality” from the definition of the term “ Appropriateness” (as indicated in Appendix B), as we see this as an easily understandable term.
In addition, we do not understand why the definition of an external information source requires it to be “available for use by a broad range of users”. In establishing whether information is internal or external, we believe it is more relevant to consider from where the information was obtained rather than to whom the information will be available. Without additional clarification or rationale behind this definition, an external “auditor’s specialist” (as referenced in paragraph 8) is an example of a source we would consider an external information source.

**Request for Comment 10**

Excluding the items noted within the response to Comment 9 above, we believe that all definitions currently presented within the SAS are sufficient.

**Request for Comment 11**

In general, we believe that the guidance added to the application material of the proposed SAS, unless discussed otherwise herein, provides sufficient direction for applying techniques to evaluate potential audit evidence. Some users may better identify with the new modern examples provided in the application guidance. However, we do not necessarily believe the conceptual basis of the proposed statement is improved or that the guidance is likely to increase or improve auditors’ use of emerging audit techniques.

**Request for Comment 12**

We believe there should be further discussion regarding when an oral confirmation is an acceptable replacement for a written confirmation.

**Request for Comments 13 & 14**

We believe that the relocation of content dealing with management’s specialist from AU-C section 500 to AU-C section 501 is appropriate. We believe that this content’s relocation to AU-C section 501 is sufficient and no separate new standard is necessary.

**Request for Comment 15**

We do not believe that the application of the proposed statement would result in further audit documentation requirements.
We appreciate the efforts of the AICPA Auditing Standards Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact Zach Borgerding or me at (804) 225-3350.

Sincerely,

Martha S. Mavredes
Auditor of Public Accounts