November 5, 2019

Ms. Sherry Hazel  
American Institute of Certified Public Accountants (AICPA)  
1345 Avenue of the Americas  
New York, NY 10105    Via email: Sherry.Hazel@aicpa-cima.com

Re: **Proposed Statement on Auditing Standards – Auditing Accounting Estimates and Related Disclosures**

Dear Members of the AICPA Auditing Standards Board (ASB):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to offer comments to the proposed Statement on Auditing Standard (SAS) – Auditing Estimates and Related Disclosures (the Exposure Draft). NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA offers the following overall comment in addition to comments on the requests for comment and issues for consideration as presented in the explanatory memorandum to the Exposure Draft.

**Overall Comment**

We support the ASB’s efforts in developing revisions to generally accepted auditing standards for auditing accounting estimates using ISA 540 (Revised) as the base and aligning with the PCAOB’s Auditing Standard 2501 (Revised) as much as possible.

From the State Board’s charge to be regulators protecting the public interest, the consistency among the standards is beneficial in regulatory and enforcement matters involving CPAs and firms. We believe the best way to avoid public confusion is to limit the differences in the three standards.
Request for Comment 1:

Given the approach by the ASB to draft the proposed SAS using a framework-neutral approach, are there any instances in which the use of certain examples or terminology in the proposed SAS would result in a lack of clarity when applying the financial reporting frameworks commonly used in the United States (for example, U.S. GAAP)?

We support the ASB’s process to draft the proposed SAS using a framework-neutral approach.

We believe that there might be a lack of clarity when applying the considerations of regulatory frameworks and the basis of measurement. There are situations in which statutory variables are possible, such as estimating tax liabilities. Not only is there a possibility of statutory differences, but also variables with other statutory regulations and international considerations. Providing examples of regulatory factors relevant to the entity’s accounting estimates, including, when applicable, regulatory frameworks would be helpful.

Request for Comment 2:

Are paragraphs 2-9 of the proposed SAS helpful in describing the key concepts of the proposed SAS, and do they adequately explain the interplay between the proposed SAS and other AU-C sections?

We believe that paragraphs 2-9 of the proposed SAS are helpful in describing the key concepts of the proposed SAS. We believe they adequately explain the interplay between the proposed SAS and other AU-C sections.

Issue 1 – Request for Comment 3:

Do you agree with the approach to the proposed changes to AU-C section 501? If not, please provide suggestions on a way forward.

We agree with the approach to the proposed changes to AU-C section 501.

Issue 2 – Request for Comment 4:

Does the proposed effective date provide sufficient time for preparers, auditors, and others to adopt the new standard and related conforming amendments?

While we believe that the proposed effective date would provide sufficient time for preparers, auditors and others to adopt the new standard, we would welcome the opportunity to move up the effective date, given the nature of the subject matter and the fact that the PCAOB has already issued Auditing Standard 2501 (Revised) with an effective date for audits of fiscal years ending on or after December 15, 2020.
We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,

Laurie J. Tish, CPA  
NASBA Chair

Ken L. Bishop  
NASBA President and CEO