November 22, 2019

Ms. Sherry Hazel
American Institute of Certified Public Accountants (AICPA)

By email to: Sherry.Hazel@aicpa-cima.com

Dear Ms. Hazel:

We appreciate the opportunity to comment on the proposed Statement on Auditing Standards, Auditing Accounting Estimates and Related Disclosures. We understand that this proposal is intended to enhance the auditing standards relating to auditing accounting estimates and to enable auditors to appropriately address the complexities that arise from new accounting standards that include estimates and related disclosures. The proposal is also intended to enhance the auditor’s focus on factors driving estimation uncertainty and potential management bias. We have provided our responses to the following questions for respondents:

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)?

Response: We did not identify 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.

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?

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

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.

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

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?

Response: We believe the proposed effective date provides sufficient time to adopt the new standard and related conforming amendments.
CliftonLarsonAllen LLP appreciates the opportunity to review and offer our comments on the proposed standard. We would be pleased to discuss any questions that you or your staff may have regarding our comments.

Respectfully submitted,

CliftonLarsonAllen LLP