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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

June 17, 2021

Auditing Standards Board
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Members of the Board:

We have reviewed the AICPA Auditing Standards Board's exposure draft of a proposed statement on auditing standards titled *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations*. We generally agree with the ED and with the proposed effective date. Our responses to the request for comment issues are as follows:

Request for Specific Comment #1

Does the respondent agree with the ASB's determination that it is appropriate to retain the requirement for the auditor, prior to accepting an initial audit, including a reaudit engagement, to request management to authorize the predecessor auditor to respond fully to the auditor's inquiries? If not, why not, and how would the respondent revise the requirement (for example, by making the procurement of management's agreement a precondition for the auditor to accept the engagement or requiring the auditor to communicate with the predecessor auditor without management's authorization)?

Response: Yes, we agree with the ASB's position to maintain the requirement in AU-C section 210 for an auditor to request that management authorize the predecessor auditor to respond to the auditor's inquiries. We appreciate that the ASB is only adding a new standard if management provides the auditor the authorization to contact the predecessor auditor.

Request for Specific Comment #2

Are the proposed requirements appropriate and complete, including whether it is appropriate to continue to provide an exception that permits the predecessor auditor to decline to respond to the auditor's inquiries due to impending, threatened, or potential litigation; disciplinary proceedings; or other unusual circumstances? If not, please suggest specific revisions to the proposals.

Response: We consider the proposed requirements as appropriate including the noted exceptions to decline to respond to the auditor's inquiry in the event of threatened, or potential litigation; disciplinary proceedings; or other unusual circumstances. We would expect the predecessor auditor to explain any such "unusual circumstances".

Request for Specific Comment #3

Is the proposed requirement appropriate and complete? If not, please suggest specific revisions.

Response: We agree that the auditor should document inquiries with the predecessor auditor as required in paragraph 15 as it provides proof that such communication was made and received and serves as evidence of why subsequent actions may have been taken.

Request for Specific Comment #4

Are respondents supportive of the proposed effective date? If you are not supportive, please provide reasons for your response.

Response: Yes, we agree with the proposed effective date of periods ending on or after December 15, 2022, as it will allow the necessary preparation to amend any engagement letters.

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

cc: C. Murray, CPA, CGFM, CIA

Via email to commentletters@aicpa-cima.com