



Crowe LLP

Independent Member Crowe Global

One Mid America Plaza, Suite 700
Post Office Box 3697
Oak Brook, Illinois 60522-3697
Tel +1 630 574 7878
Fax +1 630 574 1608
www.crowe.com

June 30, 2021

AICPA Auditing Standards Board

Via e-mail to: commentletters@aicpa-cima.com

Re: Proposed Statement on Auditing Standards *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations*

To Whom it May Concern:

We are pleased to comment on the AICPA Auditing Standards Board's (ASB) Proposed Statement on Auditing Standards (SAS), *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations* (proposed SAS). The proposed revisions have the intent of supporting and enhancing the vital role of auditors in protecting the public interest by facilitating a knowledge transfer from a predecessor auditor to an auditor with respect to identified or suspected fraud and matters involving noncompliance with laws and regulations. We acknowledge that the additions included in the proposed SAS are consistent with matters that a predecessor auditor is required to communicate to those charged with governance in accordance with other auditing standards. We provide herein our responses to certain requests for specific comment provided within the proposed SAS.

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?

Yes, we agree that it is appropriate and important to retain the existing audit requirement that the auditor request management to authorize the predecessor auditor to respond fully to the auditor's inquiries regarding matters that will assist the auditor in determining whether to accept the engagement. The requirement for the predecessor auditor to obtain management's authorization to respond to the auditor is critical to maintaining client confidentiality under the AICPA Code of Professional Conduct (AICPA Code).

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?

Yes, we believe the AICPA Code is clear that members are expected to cooperate with each other, and this serves to protect against the potential of inappropriate limitations on a predecessor auditor's response to an auditor's inquiries. The statement in proposed paragraph .13, which more clearly states that the predecessor is expected to fully respond to the auditor's inquiries, is consistent with that notion. Thus, we believe the proposed requirements are appropriate and complete, including providing an exception that permits the predecessor to decline to respond to the auditor's inquiries in specific or unusual circumstances. We also agree that in circumstances where the predecessor auditor decides not to fully respond to the auditor's inquiries, the predecessor auditor should clearly indicate that their response is limited.

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Request for Specific Comment #4 - Are respondents supportive of the proposed effective date?

Yes, we are supportive of the proposed effective date for audits of financial statements for periods ending on or after December 15, 2022, with early implementation permitted.

Please contact Kyle Owens at (630) 575-4265 or kyle.owens@crowe.com or Linda Poeschel at (630) 586-5268 or linda.poeschel@crowe.com should you have any questions.

Cordially,

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

cc: James Dolinar