

February 17, 2023

PCAOB
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

Email: comments@pcaobus.org

RE: Request for Comments on PCAOB's Release No. 2022-009 – The Auditor's Use of Confirmation, and Other Proposed Amendments to PCAOB Standards

PCAOB Board:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below to the requests for comment in the above-referenced Release No. 2022-009.

Overall, the PSC is supportive of the Board's efforts to replace the existing AS 2310 with an updated standard that is more aligned with the current risk assessment requirements. Additionally, the PSC thinks the proposed standard is clear and provides sufficient guidance for the proposed changes. The PSC also thinks that the proposed standard provides the flexibility to respond to the current use of technology in the audit process.

The PSC supports the new requirement regarding the use of confirmations when auditing cash. While confirmation of cash held by third parties has long been an audit best practice, formalizing the requirement will lead to consistent confirmation practices and improve audit quality. However, additional guidance on alternative procedures to confirming cash that are not deemed to be high risk would be practical.

The PSC agrees with the PCAOB's approach to the use of negative confirmations in the proposed standard. The PSC does not think the use of negative confirmations adds value to the audit process, except when combined with other substantive procedures to obtain sufficient and appropriate evidence.

The PSC agrees with the limitations proposed in the use of internal auditors in the confirmation process. While there are appropriate uses of the internal audit staff during the performance of the audit, it is necessary for control of the confirmation process to be maintained by the external auditors.

Lastly, the PSC has a concern about the proposed requirement to communicate to the audit committee when the auditor determines that the presumption to confirm accounts receivable has been overcome. The PSC thinks that AS 1301 contains sufficient communication requirements for audit matters. The auditor makes numerous account specific strategy decisions when planning the audit not required to be separately reported to the audit committee. If the Board's intent is a principles-based approach without guidelines on when the confirmation presumption may be overcome, this is an unnecessary addition to the list of required communications.

We appreciate the opportunity to provide feedback on the application of PCAOB's Confirmation Standards, and other proposed amendments.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Ramsey Womack III".

J. Ramsey Womack III, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants