



January 22, 2021

Ms. Sherry Hazel  
AICPA  
1211 Avenue of the Americas  
New York, NY 10036-8775

**Re: ASB Proposed SAS, Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained from External Information Sources**

Dear Ms. Hazel:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC appreciates the effort of the Auditing Standards Board (ASB) to provide practitioners with more guidance on auditing management's estimates of the fair value of financial instruments, including the use of pricing services. TIC's detailed comments in response to the questions posed in the ED as well as one additional comment related to AU-C section 501 are provided as follows.

**Question 1:** *Do you agree that the proposed amendments to incorporate appendix A, "Special Topics," of AS 2501 as guidance to AU-C section 540 are appropriate? If not, why not?*

Yes, TIC believes the proposed requirements are consistent with procedures that would be performed by auditors to comply with the principles-based requirements in AU-C 540 when using pricing information from third parties as audit evidence for estimates related to the fair value of financial instruments.

**Question 2:** *Do you believe the amendments to incorporate appendix A, "Special Topics," of AS 2501 into AU-C section 540 should include requirements? If so, please specify which paragraphs of appendix A, "Special Topics," of AS 2501 should be included as requirements.*

TIC did not see any information included in appendix A that should be included as a requirement but, rather, as an Appendix with implementation guidance for auditors.

## ADDITIONAL COMMENT

TIC appreciates the Board proposal to no longer refer to using the work of an external inventory-taking firm as using the work of a management's specialist. Following TICs review of the remaining extant guidance in AU-C section 501, there was curiosity as to whether additional types of specialists should be addressed (as part of a future project).

TIC appreciates the opportunity to present these comments on behalf of PCPS Member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Danielle Supkis-Cheek", with a long, sweeping flourish extending to the right.

Danielle Supkis-Cheek, Chair  
On Behalf of the PCPS Technical Issues Committee