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Sent: Wednesday, September 1, 2021 3:37 PM
To: Comment Letters <CommentLetters@aicpa-cima.com>
Subject: Quality management exposure draft - Attn Sherry Hazel

Ms. Hazel & AICPA Audit Standards Board

It is CPE season for a lot of us and we have been in class the last couple of days and hearing about potential problems associated with the new Quality Management standards proposed, especially as it relates to small firms and particularly their clients. Our Discussion Leader is quite concerned with the impact on our profession's ability to meet financial statement needs of the public.

Over the last couple of years, generally, I have heard more local CPA firms have the perception that the AICPA, FASB, GASB are just trying to eliminate small firms from financial work, which I hope is not the case, as it would be quite detrimental to our profession and a significant number of entities out there, perhaps most. I believe there may be concerns with the new QM standards in that regard as follows, if you would please share these comments.

First, local firms with 5 or fewer partners, like the rest of the profession, have been inundated with new standards and regulations through AICPA, as well as other entities to the point that we need some time to catch up and process things. The more complex the entities, it is created a lot of workplace strain on the smaller firms, but even with more simple engagements the workload has been growing significantly. If we continue to make major changes, such as proposed by this in terms of requiring additional 3rd party reviews if I understand correctly, it will push more people out of the profession through retirement, changing careers, etc. In fact, between a couple of deaths followed by a couple retirements in my own region we are having trouble getting to all the needs that are out there, regardless of fees, and having trouble hiring staff to assist on small business and local government projects.

Second, smaller entities will suffer if we move to mandated 3rd party review on simpler engagements. It will drive up audit and related fees to the customers in order to cover the cost. Many of these small businesses and local governments in what we refer to Phase 3 and even smaller Phase 2 are already dealing with tight budgets and time constraints. Having to send these for 3rd party review will increase the costs and delay timeliness of reporting, hurting their ability to make decisions that affect local communities.

In closing, for those smaller Phase 2 and the Phase 3 local governments and their related entities, I would like to make the point that we are dismissing the experience of local mayors, councils and boards, most of whom have members with business or professional experience that rend them able to understand the reports and general accuracy. It further dismisses the vast majority of CPAs, I would say nearly all, who are working as hard as they can to keep up with and meet the client needs in auditing and accounting. Sure, there are always some, but I would suggest that CPAs do care about or profession and the quality of work. Sadly it seems like there are elements of our own profession that distrust us and hamper us more than the government does at times. **I would ask the Board to please consider that for the small entities, I believe the CPAs and the governing bodies have enough experience to render quality reports at an easily material level for the size of entities involved. PLEASE TRUST CPAs to do their jobs would be my message!**

As an example, when it comes to the Single Audits, the federal government could raise the threshold to \$3 Million in disbursements and still have over 80% of federal dollars audited under Uniform Guidance. The remaining funds would still largely be subject to state audit requirements or independent audit requirements of bond/loan entities, meaning a burden can be taken of CPAs and local entities as it relates to these funds and still provide more than reasonable review of funding. **Applied to our Quality Management**, the Yellow Book and Single Audits will still involve 3rd party CPA review of said engagements. For the remaining smaller entities that are not nearly as complex, we can trust CPA's and

their auditees to produce quality engagements across the board. AND we are still subject to Peer Review that helps with overall Quality Management without NEW proposed standards or regulations.

Sincerely,
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