



11300 Executive Center Drive  
Little Rock, AR 72211

501.664.8739 (Office)  
800.482.8739 (AR Toll Free)  
501.664.8320 (Fax)

arcpa@arcpa.org  
arcpa.org

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Via electronic mail – [CommentLetters@aicpa-cima.com](mailto:CommentLetters@aicpa-cima.com)

RE: Proposed Statement on Auditing Standards Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations

The members of the Arkansas Society of Certified Public Accountants (ARCPA) Accounting and Auditing Committee (the Committee) appreciate the opportunity to comment on the proposed Statement on Auditing Standards (SAS) referred to above. The ARCPA has a membership of over 3,500 CPAs and prospective CPAs from public practice and private industry. The Committee was formed to address technical topics affecting a wide range of reporting entities. Committee members were asked to review the proposed standard and provide comments back to the ARCPA Executive Committee for approval. The following comments are based on the views of responding members of the Committee and may not reflect the opinions of all ARCPA members.

#### 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, I believe it is appropriate to retain the requirement for the auditor, prior to initial audit acceptance, to request management to authorize the predecessor auditor to respond fully to the auditor's inquiries.
- - I believe it is appropriate and important to retain the requirement that the auditor request management to authorize the predecessor auditor to respond fully. I do not believe that it should be considered a precondition, however. It should be left up to the auditor to determine whether to accept the engagement once management has not authorized the discussions with the predecessor.
- Yes
- I agree that retaining the auditor's requirement to request management authorization is appropriate. The simple process of requesting management approval can provide information necessary to the 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

- Yes, proposed requirements to ask about noncompliance is appropriate and the proposal appears complete.
  - A decline should always be an option, and I agree with the wording stating that it should be clear the response is limited. The successor auditor can use that in determining client acceptance.
- I consider the proposed requirements appropriate. I am not sure if there are legal aspects I am not considering, but I feel they should at least require some bit of disclosure on why the predecessor auditor's response is limited as it relates to the potential client. This reads to me as if they can just state their response is limited and leave it up to the successor auditor to determine why it is limited.
- Yes
- The ability of the predecessor to decline due to impending, threatened, or potential litigation; disciplinary proceedings; or other unusual circumstances is a necessary exception. I agree with the inclusion of the exception.

Request for Specific Comment #3

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

RESPONSE

- Proposed requirement for documentation appears appropriate and complete.
- Proposed requirement is appropriate and complete.
- Yes
- The proposed requirement concerning the documentation of inquiry and results from discussions with the predecessor auditor is appropriate and complete, with modification being unnecessary.

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

- Proposed effective date for periods ending on or after December 15, 2022 (with early adoption permitted) appears appropriate.
  - If I were to make any suggestion it would be to move the effective date up, but that may not be practical.
    - I suggest moving up because discussion between a predecessor and successor auditor is already required so the additional guidance and clarity in this exposure draft should not create a lot of additional work, time or logistical considerations once the guidance is in place and this knowledge sharing seems very important and critical for making informed decisions .
- Proposed effective date is appropriate.
- Yes
- I am supportive of the proposed effective date, as long as the publication of the PEEC document in the Journal of Accountancy occurs in sufficient time to allow the PEEC to be effective prior to this ASB requirement.

On behalf of the ARCPA Accounting and Auditing Committee, thank you for the opportunity to submit comments on these matters. If you would like to discuss any of these opinions later, or if you need further information, please do not hesitate to contact me.

Sincerely,



Marsha Moffitt  
Executive Director/CEO