2023 Inspection SS Accounting and Auditing Inc.

(Headquartered in Plano, Texas)

September 28, 2023

PCAOB
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

PCAOB RELEASE NO. 104-2023-177

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2023 INSPECTION

In the 2023 inspection of SS Accounting and Auditing Inc., the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review one audit of an issuer. For the issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2023 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work or of all of the audit procedures performed for the audits reviewed.

View the details on the scope of our inspections and our inspections procedures.

OVERVIEW OF THE 2023 INSPECTION

The following information provides an overview of our 2023 inspection, which was our first inspection of this firm. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2023
Firm data	
Total issuer audit clients in which the firm was the principal auditor	3
Total engagement partners on issuer audit work[1]	1
Audits reviewed	
Total audits reviewed	1
Audits in which the firm was the principal auditor	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	0
Audits with Part I.A deficiencies	1
Percentage of audits with Part I.A deficiencies	100%

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

Our inspection may include a review, on a sample basis, of the adequacy of a firm's remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

[1] The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) during the twelve-month period preceding the outset of the inspection.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer's financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer's public disclosures. We do not have direct access to the issuer's management, underlying books and records, and other information.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2023 inspection. For the issuer audit selected for review, we selected these areas because they were generally significant to the issuer's financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2023	
Audit area	**Audits reviewed**
Revenue and related accounts	1
Inventory	1
Cash and cash equivalents	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses certain deficiencies, if any, that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules, if any, related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR.

This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion on the issuer's financial statements.

We identify each issuer by a letter (e.g., Issuer A). Each deficiency could relate to several auditing standards, but we reference the PCAOB standard that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement audit related to **Revenue**, **Inventory**, and **Journal Entries**.

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a fraud risk:

To test certain revenue, the firm selected revenue transactions that met specific criteria to evaluate whether the revenue was appropriately recognized. The firm did not perform any substantive procedures to test the remaining population of revenue transactions from this revenue source. (AS 1105.27; AS 2301.08 and .13)

With respect to **Inventory**, for which the firm identified a significant risk:

The firm observed physical inventory counts on various dates subsequent to year end. The firm did not perform procedures to test intervening transactions between the issuer's year end and the dates of its inventory observations, beyond testing the purchase activity for one location. (AS 2510.12)

With respect to **Journal Entries**, for which the firm identified a fraud risk:

For certain subsidiaries, the firm did not perform any procedures to identify and select journal entries and other adjustments for testing, without having an appropriate basis for excluding those subsidiaries. (AS 2401.61)

Audits with a Single Deficiency

None

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion. This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In the audit reviewed, the firm did not include all of the required information in its engagement completion document. In this instance, the firm was non-compliant with AS 1215, *Audit Documentation*.

- In the audit reviewed, the firm did not make certain required communications to the issuer's audit committee related to (1) the significant risks identified through its risk assessment procedures; (2) the firm's evaluation of the issuer's ability to continue as a going concern; (3) the name, location, and planned responsibilities of an other accounting firm and other persons not employed by the firm that performed audit procedures in the audit; and (4) the issuer's critical accounting policies and practices and critical accounting estimates. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.

- In the audit reviewed, the firm did not identify and assess the risks of material misstatement at the assertion level for the significant accounts and disclosures it identified. In this instance, the firm was non-compliant with AS 2110, *Identifying and Assessing Risks of Material Misstatement*.

- In one audit, the engagement team performed procedures to determine whether or not matters were critical audit matters but, in performing those procedures, did not include certain matters that were communicated, or required to be communicated, to the issuer's audit committee and that related to accounts or disclosures that were material to the financial statements. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. This instance of non-compliance does not necessarily mean that other critical audit matters should have been communicated in the auditor's report.

- In one audit, the firm did not use a reasonable method to estimate, or document in its files the method used to estimate, hours incurred by an other accounting firm and the computation of total audit hours used to report on Form AP the participation in the audit by that other accounting firm. In this instance, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.

PART I.C: INDEPENDENCE

In the 2023 inspection, we did not identify, and the firm did not bring to our attention, any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. Although this section does not include any instances of potential non-compliance that we identified or the firm brought to our attention, there may be instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

While the firm did not bring to our attention any instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including the number of associated firms; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of those issuers. Therefore, we caution against making any comparison of firm-identified instances of potential non-compliance across firms.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

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August 23, 2023

Via Electronic Mail

Mr. George R. Botic
Director
Division of Registration and Inspections

Re: Response to the Draft Inspection Report on 2023 Inspection of SS Accounting & Auditing, Inc.

The Firm (SS Accounting & Auditing, Inc.) appreciates the opportunity to respond to Draft Inspection Report on the 2023 Inspection of the SS Accounting & Auditing, Inc. The Firm believes that PCAOB's inspection process serves an important role in improving audit quality and in serving investors and public interest.

The Firm has been committed to performing high quality audits. We enjoyed the inspection process with PCAOB staff which certainly contributes to the continual improvement to the quality control and monitoring systems. We appreciate feedback and comments from the Inspection Team. With due respect, please find below responses to inspection comments.

Further, please note that the Firm has requested to withdraw from registration with the Board as the Firm's Partner is pursuing other career opportunities.

Respectfully Submitted,

/S/ *SS Accounting & Auditing, Inc.*

PART 1.A

Responses to Audits with Multiple Deficiencies

Issuer A

Response to the deficiency identified with Revenue

For the year ended June 30, 2022, Issuer A had 7 subsidiaries which generated revenue. For 6 subsidiaries comprising 71% of total revenue of the issuer A, the Revenue Testing was performed to the satisfaction of the Inspection Team. For 1 subsidiary, which is comprised of many small customers, the top 121 customers were tested with the high balances in Accounts Receivable. In addition to the substantive testing, the Firm performed additional procedures including but not limited to analytical procedures, cut off testing and sales confirmations as well to obtain sufficient and appropriate audit evidence.

However, the Firm agrees to improve the Sample Selection Method to have better coverage for substantive testing, if the Firm resumes performing audits in the future.

Response to the deficiency identified with Inventory

As of June 30, 2022, Issuer A had three subsidiaries which had inventory balances. The Firm has performed extensive procedures on Inventory balances. The testing includes but is not limited to Inventory Count, Cut off Testing, Lower of Cost and Market Value Testing, Purchase Testing, Inventory Measurement Testing, Supplier Confirmations etc. The Firm concluded to have obtained sufficient and appropriate audit evidence around completeness, accuracy, rights & obligations, valuation, and existence of Inventory.

The inventory count at various locations was performed at the end of July 2022. The one month roll back details were obtained from count date to June 30, 2022. The details included the in and out of inventory items with quantity and amount. The Firm also performed purchase testing for the roll back details, where deemed necessary. With other corroborative evidence the details were found reasonable.

However, the Firm agrees to perform detailed substantive testing for roll back in the event of inventory count not being performed at the end of reporting period, if the Firm resumes to perform audits in the future.

Response to the deficiency identified with Journal Entry Testing

As of June 30, 2022, Issuer A had three subsidiaries with continued operations. 89% revenue for the year ended June 30, 2022, was generated from these three subsidiaries. The Firm performed Journal Entry Testing of these subsidiaries to the satisfaction of the Inspection Team. Considering materiality, the Journal Entry Testing was not performed on the discontinued entities.

For future, if the Firm resumes to audit, The Firm agrees to incorporate detailed Journal Entry testing irrespective of the materiality.

PART I.B

Other Instances of Non- Compliance with PCAOB Standards or Rules

Response to the deficiency identified with Engagement Completion Document

The instructions to the engagement completion document state:

> "*In connection with each engagement, AS 1215 requires the auditor to identify all significant findings or issues, actions taken to address them, and the basis for the conclusions reached in an engagement completion document. Significant findings or issues are substantive matters that are important to the procedures performed, evidence obtained, or conclusions reached and include but are not limited to the matters listed in this form.*"

The Firm did fill out the Form (Engagement Completion Document) and marked N/A as the Firm didn't identify any significant issues.

However, the Firm has the following as part of Audit Documentation

- The Firm identified the significant risks including fraud risks which were documented in the Risk Assessment Form.
- The corrected/ uncorrected misstatements were communicated to the Audit Committee and is part of audit documentation.
- In the audit report, the Firm identified Critical Audit Matters and the Firm's methods to address them which was also shared with Audit Committee and is part of Audit Committee Conclusion Package.

However, these items were not included in the specific Engagement Completion Document as Firm interpreted Significant Issues differently.

If the Firm resumes audits in the future, the Firm will ensure to include similar matters in the Engagement Completion Document as well.

Response to the deficiency identified with Communications with Audit Committee

Since the beginning of our engagement of Issuer A, the Firm has been in regular contact with Audit Committee. The Planning Communication, Audit Status Communication and Conclusion Communication with Audit Committee are all part of Audit Documentation. The Firm included the Draft Audit Report and Audit Adjustment Form in the Conclusion Communication with the Audit Committee. The Draft Audit Report did mention the Going Concern and Critical Audit Matters with the Firm's method to address the critical audit matters.

If the Firm resumes audits in the future, the Firm will enhance Audit Committee Communications to further satisfy the requirements.

Response to the deficiency identified with Risk of Material Misstatement at the assertion level

The Firm assessed the risk of material misstatements at the assertion level for the significant accounts and disclosures /audit areas. For each assertion, the Firm documented Inherent Risk, Control Risk, Assessed Risk of Material Misstatements and Audit Approach. However, for each assessed risk area, the risk assessment at assertion level was kept consistent for significant accounts. For example, Audit Area "Cash", the 'Inherent Risk' was assessed as 'High' for all the assertions and 'Control Risk' was assessed as 'Medium' for all assertions. The Inspection Team considered that to be insufficient documentation.

If the Firm resumes audits in the future, The Firm will consider assigning separate risk rating for each assertion.

Response to the deficiency identified with communication of Critical Audit Matters to the Audit Committee

Please refer to the response to "Response to the deficiency identified with Communications with Audit Committee.

Response to the deficiency identified with estimating hours incurred by other Accounting Firm

The Firm hired another CPA Firm mainly to perform inventory count and assist in preparing bank confirmations as an additional headcount help. The activities performed by external CPA Firm were monitored and supervised by SS Accounting & Auditing Personnel. This is also documented in the Audit File. Considering the audit of the Issuer A, the activities performed by CPA Firm are estimated to be less than 5% which is further reported in the Form AP. The calculation was done and provided to the Inspection Team upon request, which was in agreement with the estimate.

If the Firm resumes audits in the future, the Firm will ensure to include the mathematical calculation as Part of Audit Documentation.