

From: Jason Jordan <jjordan10@twu.edu>
Sent: Thursday, June 27, 2024 4:14 PM
To: Comments
Subject: [EXT]: Comment for Docket 056: Proposed Auditing Standard – Designing and Performing Substantive Analytical Procedures and Amendments to Other PCAOB Standards

Regarding certain items in the proposed new standard on substantive analytical procedures:

Proposed: "Specify that the auditor may not develop their expectation using the company's amount or information that is based on the company's amount (so-called circular auditing)"

My Comment: I was in external audit for four years (Deloitte) and now teach audit at the college level. This wording sounds to me like it would make the auditor's job too difficult. Often auditors know relatively little about 1) what all goes into an ending balance year after year, and 2) what anomalies occurred this year that would change the balance from expectation. Both of these need to be learned from the client so the auditor can come up with an educated expectation. At the very least, this standards should make an exception for the amounts of any anomalies/adjustments unique to the current year that the auditor obtains from the client (including the amount), but which they have corroborated and are comfortable with.

Regards,

JASON JORDAN
Assistant Professor
Department of Accounting & Finance

