



Aug. 1, 2024

Erica Y. Williams, Chair
Office of the Secretary
Public Company Accounting Oversight Board
1666 K St. NW
Washington, DC 20006-2803
comments@pcaobus.org

Re: PCAOB Rulemaking Docket Matter No. 056, PCAOB Release No. 2024 - 006

Dear Ms. Williams:

The Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to provide input on the Public Company Accounting Oversight Board's (PCAOB) Proposed Auditing Standard - Designing and Performing Substantive Analytical Procedures and Amendments to Other PCAOB Standards. The PICPA is a professional CPA association of about 20,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The PICPA's comments are included below.

Proposed paragraph .06 states, "The auditor should take into account all relevant information of which the auditor is aware."

The requirement to take into account all relevant information of which the auditor is aware is concerningly broad. While considering relevant information is appropriate, the requirement to consider "all" relevant information unnecessarily sets the auditor up for noncompliance with the standards. One example may be not documenting something relevant but redundant where additional variables are not needed for the identified risk.

Proposed paragraph .07 states, "The auditor may not develop the expectation using the company's amount or information that is based on the company's amount."

We agree that the standards should preclude an auditor from developing an expectation of an amount using information from that same amount. However, the language could be read to preclude establishing an expectation using any company amounts, even if audited. For example, auditors should be able to test payroll taxes based on a percentage of the payroll amount, or interest expense based on the amount of debt outstanding throughout the year and the terms of the debt agreement, or depreciation expense based on the balances for fixed assets. We request that clarifying language be added to permit expectations based on company amounts that are not the amounts being tested in the analytical procedure.

We appreciate your consideration of our comments and are available to discuss any of these comments with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Allison M. Henry", is enclosed in a light gray rectangular box.

Allison M. Henry, CPA, Vice President - Professional & Technical Standards | PICPA