

November 12, 2019

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AICPA Auditing Standards Board  
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***Re: PROPOSED STATEMENT ON AUDITING STANDARDS  
AUDITING ACCOUNTING ESTIMATES AND RELATED DISCLOSURES***

The California Society of CPA's ("CalCPA") Accounting Principles and Assurance Services Committee (the "Committee") is the senior technical committee of CalCPA. CalCPA has approximately 43,500 members. The Committee consists of 51 members, of whom 45 percent are from local or regional firms, 32 percent are from large multi-office CPA firms, 12 percent are sole practitioners in public practice, 6 percent are in academia and 5 percent are in international firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

Summary of the Committee's Views on the Proposed Exposure Draft

The Committee appreciates the Auditing Standards Board's efforts to converge AU-C 540 to the international auditing standards. The following is a summary our Committee's responses to the requests for comment:

***Question 1: Given the approach by the ASB to draft the proposed SAS using a framework-neutral approach, are there any instances in which the use of certain examples or terminology in the proposed SAS would result in a lack of clarity when applying the financial reporting frameworks commonly used in the United States (for example, U.S. GAAP)?***

The Committee did not identify any examples or terminology in the proposed SAS that would lack clarity when applying the framework to U.S. GAAP.

***Question 2: Are paragraphs 2–9 of the proposed SAS helpful in describing the key concepts of the proposed SAS, and do they adequately explain the interplay between the proposed SAS and other AUC sections?***

Yes; we believe these paragraphs are helpful to explain the relationships between the proposed SAS and other AU-C sections.

***Question 3: Do you agree with the approach to the proposed changes to AU-C section 501? If not, please provide suggestions on a way forward.***

Yes; the Committee agrees with approach to the proposed changes.

***Question 4: Does the proposed effective date provide sufficient time for preparers, auditors, and others to adopt the new standard and related conforming amendments?***

Yes; the Committee believes there is sufficient time between now and audits for the years ending after December 15, 2022 to adopt the new standard.

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We thank you for the opportunity to comment on these matters. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,



Nancy A. Rix, Chair  
Accounting Principles and Assurance Services Committee  
California Society of Certified Public Accountants