

December 10, 2017

Michael P. Glynn
Senior Technical Manager Audit and Attest Standards
Staff Liaison – Accounting and Review Services Committee
American Institute of CPAs
Mike.Glynn@aicpa-cima.com

RE: OMNIBUS STATEMENT ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES—2018

Dear Mr. Glynn:

The views expressed herein are written on behalf of the Professional Standards Committee of the Texas Society of CPAs. The Professional Standards Committee has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our comments below on the above-referenced exposure draft.

Specific Requests for Comment 1:

Please provide specific feedback about whether any additional requirements or guidance are necessary with respect to performing or reporting on the following:

a. Financial statements prepared in accordance with a financial reporting framework generally accepted in another country.

TSCPA Response:

Companies that need to issue statements under foreign frameworks are most likely to hire a firm in that country to prepare. However, we realize multinational firms may prepare financial statements under many different frameworks. Guidance on preparing financial statements under foreign generally accepted frameworks would be helpful.

b. An engagement performed in accordance with both SSARSs and another set of compilation or review standards.

TSCPA Response:

If a firm is preparing multiple sets of compilations and reviews under SSARS and another set of standards, the guidance provided is helpful. Additional guidance is needed with regards to the CPA's responsibility.

Specific Requests for Comment 2

Are the new requirements and guidance best codified as a new AR-C section 100 or would it be easier to implement and understand if the requirements and guidance were incorporated into AR-C sections 80 and 90? Please provide specific feedback.

TSCPA Response:

We think that this guidance would be most helpful if presented in a new AR-C section. Preparing financial statements under multiple frameworks is a specialized situation and would be best understood if separated from current guidance.

Specific Requests for Comment 3

Is it appropriate to revise AR-C section 90 to include a requirement for the accountant to specifically perform procedures (primarily inquiry) related to management's going concern assessment when the financial statements are prepared in accordance with an applicable financial reporting framework that includes requirements for management to evaluate the entity's ability to continue as a going concern for a reasonable period of time? Please provide specific feedback.

TSCPA Response:

We agree that AR-C 90 should be revised to include a requirement that if the framework contains a specific requirement for management to evaluate viability of the entity, the accountant should perform procedures to evaluate management's assertions. We believe that if the framework does **not** include a requirement for management to establish a going concern, the accountant should still discuss with management any issues regarding going concern that surface during the engagement according to current audit and review requirements. As always, due diligence should be performed, no matter the framework requirements.

Specific Requests for Comment 4

Is it appropriate to revise AR-C section 90 to include a requirement for the accountant to include an emphasis-of-matter paragraph in the accountant's review report in the aforementioned circumstances? Please provide specific feedback.

TSCPA Response:

We believe it would be appropriate to revise AR-C 90 to include a requirement for an emphasis-of-matter paragraph in the review report if required by the framework used to prepare the report. If the framework would result in a required disclosure by the reporting entity about a going concern matter, then it is reasonable to also require an emphasis-of-matter paragraph that at least references the management disclosure. Even if no disclosure is required, the emphasis-of-matter paragraph should be an option for the accountant to include.

Specific Requests for Comment 5

Are the proposed revisions to the requirements for referencing the work of other accountants in an accountant's review report appropriate? In particular, focus on the requirement that the accountant of the reporting entity communicate with the other accountants and ascertain that the other accountants understand the ethical requirements relevant to the engagement and, in particular, are independent. Please provide specific feedback.

TSCPA Response:

Yes, the committee thinks that when referencing the work of other accountants, the accountant of the reporting entity should determine that the referenced accountant understand and comply with the ethical requirements of the engagement, including independence.

Other comments

Please provide comments on the specific requests for comments 1–5, as well as on the content of the proposed SSARS. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and (when appropriate) make specific recommendations

for any suggested changes to wording. When a respondent agrees with proposals in the exposure draft, it will be helpful for ARSC to be made aware of this view, as well.

TSCPA Response:

When preparing financial statements under any framework, the accountant should comply with the requirements of that specific framework. In the case of frameworks of jurisdictions outside the United States, if the governing body does not require disclosure of going concern issues, the accountant does not have a legal responsibility to disclose. However, to comply with generally accepted auditing standards of the United States, the accountant should consider going concern in any audit or review engagement.

We appreciate the opportunity to provide input into the standards-setting process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ken Sibley".

Ken Sibley, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants