

June 10, 2016

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: Post Implementation Review No. 2016-01 Engagement Quality Review

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters. The views expressed herein are written on behalf of the PSC, which has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA.

The PSC PCAOB Subcommittee deliberated over the 12 questions posed in the above referenced ED entitled *Post-Implementation Review: Auditing Standard No. 7, Engagement Quality Review*. Below is our response to each question posed in the ED.

1. Has AS 7 accomplished its intended purpose? In particular, has the implementation of AS 7 increased the likelihood that a registered public accounting firm will detect significant engagement deficiencies before the audit report is issued? Do engagement quality reviews performed under AS 7 provide for a meaningful check on the audit work performed by the engagement team?

The requirements of AS 7 have the potential to add value to the audit reporting process. Any time a subsequent review of an audit report is made prior to its issuance there is always the possibility that any errors or omissions may be identified and corrected. However, we believe that the audit reporting process is most often accomplished with a high degree of care and diligence. Thus, while an additional review provides some degree of increased comfort, we feel the instances of detecting deficiencies in the audit report will be minimal.

2. Do users of financial statements believe that the implementation of AS 7 has affected the credibility of financial reporting?

While we did not do an extensive review of financial statement users, it seems obvious that users would see the requirements in AS 7 as being a credibility enhancing exercise.

3. What have been auditors' experiences with implementation of AS 7? How did the implementation of AS 7 change practice? Has the implementation of AS 7 given rise to any unintended consequences or changes?

For many firms the requirements of AS 7 have been inconsequential. Such firms have had second partner reviews of audit reports designed to do exactly what AS 7 has required. For these firms implementation did not change their practice. For firms where no second partner review was in place, AS 7 merely added an additional layer of review to the audit process. We are unaware of any unintended consequences caused by AS 7.

4. What has been preparers' and audit committees' experiences with the implementation of AS 7? How did implementation of AS 7 change practice from their perspectives? Has the implementation of AS 7 given rise to any unintended consequences or changes?

We believe preparer's feel a small increased measure of comfort because the audit report is subjected to another level of review. We're not sure whether audit committee members had any desire to have the audit report subjected to a last minute review. If the audit committee members were concerned with the reliability of the audit report they are probably in the market for a new auditor. We don't believe AS 7 resulted in any unintended consequences or changes other than slight time and cost increases.

5. What have been the initial and recurring costs and benefits associated with the implementation of AS 7 from the perspectives of auditors, preparers, audit committee members, investors and other users of financial statements?

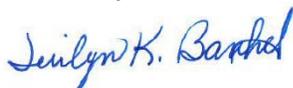
It would certainly take a full-blown research study to provide a relevant answer to this question. However, our speculation is that auditors and preparers have time and cost increases. Audit committee members, if they have knowledge of the process, might have a slight increase in the comfort level they associate with the audit report. The same would seem to apply to investors and other users to the extent that they are aware of the requirement. The real issue in responding to this question concerns the effort of the reviewer in complying with the requirements of AS 7 and the knowledge of the requirements by the audit report users.

6. Could AS 7 be refined or improved to better achieve its intended purpose?

We have no suggestions for any changes in AS 7 that would help better achieve its intended purpose.

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

Sincerely,



Jerilyn K. Barthel, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants