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Date: 6th November 2023.

To,

Vanessa A. Countryman, Secretary,
Securities and Exchange Commission,
100 F Street NE,
Washington, DC 20549-1090.

[Sub: File number PCAOB-2023-02]

Dear Vanessa,

I have studied the proposed Standard on the Auditor's Use of Confirmation, and Other Amendments to Related PCAOB Standards and please find my recommendations

- Defining risk assessment for confirmation letters other than Cash and AR.
- Independence of individuals of confirming party

I have mentioned the detailed explanations with examples in the subsequent page.

Please feel free to reach out to me at abovementioned contact details for any clarification.

Best Regards

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Defining risk assessment for other confirmation letters other than Cash and AR.

The title of Standard says that Auditor's use of confirmation. The objective of this Standard is very clear about executing and designing the confirmation procedures. However, this proposal gives more emphasis on Cash and Cash Equivalent and Accounts Receivable and Standard does not speak about the following categories and these categories very important from Material mis-statement and Risk-assessment on internal controls in place. Though, there are separate Standards regarding inquiries concerning litigation, claims, and assessments, which are addressed in AS 2505, *Inquiry of a Client's Lawyer Concerning Litigation, Claims, and Assessments*, the "Audit procedures" to obtain the confirmation may be governed by this Standard.

- i. Inter-company confirmations
- ii. Legal confirmations
- iii. Related Party transaction confirmations
- iv. SOC Reports
- v. Inventory with third parties

My recommendation is to spell out the applicability of above confirmations procedures under the following category:

Emphasizes the auditor's responsibility to maintain control over the confirmation process and provides that the auditor is responsible for selecting the items to be confirmed, sending confirmation requests, and receiving confirmation responses;

Independence testing of Individuals confirming balances

Group Controller manages multiple entities:

In case of Group of companies, the Controller tend to manage more than one entity. It may happen that for inter-company confirmations, the Controller of audited client might be confirming party also, who sign the confirmation letter that can result in conflict of interest for both the entities. In such cases, the auditor cannot use the confirmation procedure and has to use alternative audit procedure.

Independence of Confirming party:

The Audit cannot use the confirmation procedure when the Management or the Finance Controller / CFO of confirming party is related to Audit client or the Auditor.

Apart from the above, there may be other instances where the Auditor reliance on confirmation letter will fail due to lack of independence of confirming party.

My Recommendation is to include these scenarios in the Standard and restrain the Auditor to conduct confirmation procedures and use alternative audit procedure