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U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: SECURITIES AND EXCHANGE COMMISSION [Release No. 34-100430; File No. PCAOB-2024-03] Public Company Accounting Oversight Board; Notice of Filing of Proposed Rules on Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form

Dear Office of the Secretary:

RSM US LLP (RSM, “we”) appreciates the opportunity to provide input on the final standard adopted by the Public Company Accounting Oversight Board (PCAOB, Board) *on Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form* (Final Standard) and filed with the Securities and Exchange Commission (SEC or the Commission). RSM is a registered public accounting firm serving middle-market issuers, brokers and dealers.

We are supportive of the PCAOB’s strategic goal to modernize the auditing standards, and we have provided feedback to the PCAOB on the initial proposal. We believe elements of this proposed standard appropriately work toward that goal. We also believe technology-assisted analysis is an important aspect of audits and will continue to gain more significance as technology evolves.

While we are supportive of many elements of the Final Standard, we do have concerns related to the amendments to revised requirements in AS 1105.10A of the Final Standard.

Clarification regarding the evaluation of the reliability of external information provided by the company in electronic form

The amendment to AS 1105.10A included in the Final Standard is significantly different from the initial proposal with regards to the requirement for the auditor to evaluate whether information provided in electronic form is reliable for the purpose of the audit. While the requirement in the Final Standard to gain an understanding of the source of the information and the company’s process is similar to that in the initial proposal, the extent of the testing of the information is significantly different. The amendment in the Final Standard requires “testing the information to determine whether it has been modified by the company and evaluating the effect of those modifications; or testing controls over receiving, maintaining, and processing the information (including, where applicable, information technology general controls and automated application controls).”

The footnote which follows this paragraph provides examples such as cash receipts, shipping documents and purchase orders.

We are concerned that, as written, this requirement to test the information to determine whether it has been modified does not enable the auditor to apply a risk-based approach. For example, the language could be interpreted as requiring the auditor to test each piece of information received in electronic form by obtaining a copy of the electronic information directly from the original source of the external information. In the current environment, companies obtain a significant amount of information directly from external sources in electronic format either through email, PDFs or portals. A requirement to test

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each of these pieces of information, particularly when such testing is not performed through testing of controls, could add significant additional audit procedures that are not responsive to risks of material misstatement of the financial statements.

In the Board's adopting release, the explanation of the changes to this paragraph ends with a summary related to the intentional lack of prescription of the nature, timing and extent of these procedures.¹ We are supportive of this concept, which would allow the standard to be implemented in a risk-based fashion. However, that overarching summary seems to be contradicted by the example provided on page 30, which describes a situation where the auditor obtains customer purchase order information from the company's information system and compares this information to the original purchase order submitted by the customer.² The meaning of "the original purchase order submitted by the customer" is unclear. This could be read to imply that the auditor may obtain the purchase order from the customer directly, which may be impractical in certain situations, or that the auditor may obtain the original purchase order submitted by the customer to the company and maintained by the company. For the latter, it is unclear whether an electronic copy of the original purchase order submitted by the customer to the company and maintained by the company would be acceptable. It is increasingly rare for a purchase order to be submitted by the customer and maintained by the company in paper format. Thus, it is unclear how this example would be applied in an audit. Implementation guidance is needed to clarify how this example would be implemented in situations where the company obtained the original purchase order from the customer in electronic format or has provided the original purchase order to the auditor in electronic format (such as via a secure portal).

We request that the SEC require the PCAOB to publish implementation guidance to clarify the intent of the procedures required to comply with the amendments—incorporating the risk-based concepts in the paragraph above from page 32 of the adoption release and their application on paragraph 10A—prior to the effective date of the Final Standard.

We would be pleased to respond to any questions the SEC or its staff may have about our comments. Please direct any questions to Sara Lord, Chief Auditor, at 612.376.9572 or Adam Hallemeier, Deputy Chief Auditor, at 619.641.7318.

Sincerely,

RSM US LLP

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¹ Adopting release, page 32

² Adopting release, page 30