

July 23, 2025
By electronic submission

George Botic
Acting Chair
Public Company Accounting Oversight Board
1666 K Street NW, Suite 300
Washington, DC 20006-2803

Re: PCAOB Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form (SEC Release No. 34-100774)

Dear Acting Chair Botic:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of US public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by US public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, US public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of US public company auditors and audits to dynamic market conditions. This letter represents the observations of the CAQ based upon feedback and discussions with certain of our member firms, but not necessarily the views of any specific firm, individual, or CAQ Governing Board member.

The CAQ supports our member firms in their implementation of new auditing standards by convening task forces and facilitating engagement with regulators on implementation challenges impacting the profession broadly. Through this engagement, we have seen our member firms working diligently to comply with the newly adopted *Amendments Related to Aspects of Designing and Performing Audit Procedures that Involve Technology-Assisted Analysis of Information in Electronic Form* (TAA amendments). We, and our member firms, continue to recognize the importance of modernizing existing PCAOB auditing standards to address aspects of designing and performing audit procedures that involve analyzing information in electronic form with technology-based tools.

As the effective date of the TAA Amendments (for audits of fiscal years beginning on or after December 15, 2025) rapidly approaches, our member firms continue to have unanswered questions regarding



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paragraph .10A¹ of PCAOB Auditing Standard 1105, *Audit Evidence* (AS 1105) and some member firms are concerned about their ability to comply with the requirement by the effective date. We respectfully request the PCAOB to take action to defer the effective date of paragraph .10A of AS 1105 by one year (for audits of fiscal years beginning on or after December 15, 2026) and determine whether questions and concerns with respect to paragraph .10A can be best addressed through written implementation guidance or standard-setting action.²

A deferral of the effective date is needed because, absent written interpretive guidance or amendments to further clarify the objective of AS 1105.10A, the requirement lacks sufficient clarity for successful implementation and could be interpreted in a way that would incur significant unnecessary costs without commensurate benefit. Further, without such clarification, the cost and potential burden of the amendments on auditors and issuers remains unclear.³ The CAQ and other commenters previously raised questions and concerns related to AS 1105.10A in comment letters to the SEC.⁴ In August 2024, in both the Open Meeting and in the Approval Order,⁵ the SEC acknowledged such feedback and called for the PCAOB to provide implementation guidance addressing the questions and concerns that had been raised related to AS 1105.10A. To date, no guidance has been issued.

While we appreciate the oral discussions that the CAQ and certain member firm representatives have had with the PCAOB Staff related to AS 1105.10A, including discussion of various example fact patterns developed by the CAQ and our member firms to illustrate the questions and challenges related to the implementation of AS 1105.10A, these discussions alone are not enough. There is a need for clarification regarding AS 1105.10A, whether provided through guidance or targeted amendments, that is broadly

¹ **Evaluating the Reliability of External Information Provided by the Company in Electronic Form**

.10A The company may provide to the auditor information in electronic form that the company received from one or more external sources.^{3B} When using such information as audit evidence, the auditor should evaluate whether the information is reliable for purposes of the audit by:

- a. Obtaining an understanding of (i) the source from which the company received the information; and (ii) the company's process by which such information was received, maintained, and, where applicable, processed, which includes understanding the nature of any modifications made to the information before it was provided to the auditor; and
- b. 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).

^{3B} Such information includes, for example, cash receipts, shipping documents, and purchase orders.

² To be clear we are only requesting the effective date of the TAA amendments in paragraph .10A of AS 1105 be delayed. All other TAA amendments should be effective for audits of fiscal years beginning on or after December 15, 2025.

³ See Commissioner Peirce's [statement](#) on the TAA amendments: "While these amendments provide clarity about the use of technology, the associated burden on auditors and their clients is unclear. This standard could be very expensive. The ambiguity around the cost of these amendments flows from how the standard was drafted coupled with questions about how it will be implemented."

⁴ See CAQ [Comment Letter](#) to the SEC.

⁵ See page 6 of the [SEC Order](#) "...our understanding of the Amendments, when read in the overall context of the PCAOB auditing standards, is that they do not preclude a risk-based approach to testing external information. Nevertheless, given the concerns raised by commenters, we encourage the PCAOB to provide further implementation guidance on this point."



accessible to all firms and PCAOB inspections staff to support profession-wide effective and consistent implementation of the requirements of AS 1105.10A.

Deferring the effective date of AS 1105.10A would allow the PCAOB to issue written implementation guidance to address unanswered questions about how the requirements are expected to be applied.⁶ Specifically, guidance should clarify the overall objective of the requirement and address the questions and fact patterns we have raised with the PCAOB Staff and that are not answered by information in the TAA Amendments and/or the PCAOB's adopting release text.⁷

Alternatively, questions and concerns related to the requirements in AS 1105.10A could be addressed through standard-setting action. In connection with a deferral of the effective date, the PCAOB could re-propose the requirements in AS 1105.10A for a targeted amendment. Such an approach would allow for (1) sufficient time for the SEC and PCAOB Staff to evaluate the feedback received to date regarding practical challenges and unintended consequences, (2) more transparent discussion of the intent of the requirements and how they are expected to be applied, and (3) appropriate engagement with stakeholders, including audit practitioners of firms of all sizes, before revised requirements would be finalized.

⁶ There is a benefit to providing interpretative guidance in written form so that it can be easily accessed and referenced by all firms as well as PCAOB inspections staff. Additionally, written guidance could be published in a format that is authoritative (in accordance with [AS 1000.15](#)) and can be referred back to in the future.

⁷ The CAQ and our member firms have previously provided written questions to the PCAOB staff. Additional questions may continue to arise as firms progress on implementation. We encourage the PCAOB to consider the need for additional guidance at such time.



We would be pleased to discuss our comments or answer questions regarding the views expressed in this letter. Please address questions to Erin Cromwell (ecromwell@thecaq.org), Dennis McGowan (dmcgowan@thecaq.org), or Vanessa Teitelbaum (vteitelbaum@thecaq.org).

Sincerely,

A handwritten signature in black ink that reads "Dennis J. McGowan".

Dennis J. McGowan, CPA
Vice President, Professional Practice
Center for Audit Quality

cc:

PCAOB

Christina Ho, Board member
Kara M. Stein, Board member
Anthony C. Thompson, Board member
Barbara Vanich, Chief Auditor

SEC

Paul S. Atkins, Chair
Caroline A. Crenshaw, Commissioner
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