Sept. 1, 2016

Mr. Mike Santay, Chair  
Auditing Standards Board  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas, 19th Floor  
New York, NY 10036  
shazel@aicpa.org

Re: Proposed Statement on Auditing Standards – The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern

The Accounting and Auditing Procedures Committee (the committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the proposed Statement on Auditing Standards – The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern. The PICPA is a professional CPA association of more than 22,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

The committee generally supports the proposed standard and finds it to be consistent with both the Financial Accounting Standards Board’s going concern standard and the existing going concern audit literature. However, the committee believes that the requirement in paragraph 6 that management must evaluate an entity’s ability to continue as a going concern, even if the financial reporting framework does not include an explicit requirement to do so, is accounting guidance and should not be included in the audit literature. It is unclear to the committee why management should look to the audit standards to determine if there is a need to assess an entity’s ability to continue as a going concern. The committee believes that the going concern basis of accounting is a fundamental principle in the preparation of financial statements, and that management’s responsibility to select an appropriate financial reporting framework inherently includes a requirement to assess the reasonableness of the going concern assumption.

We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Sincerely,

Robert E. Williams, CPA  
Chair, PICPA Accounting and Auditing Procedures Committee