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International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, NY 10017

Exposure Draft: Proposed International Standard on Related Services 4410 (Revised), *Compilation Engagements*

Dear Mr. Gunn:

The American Institute of Certified Public Accountants (AICPA) is pleased to comment on the above referenced exposure draft. We support the efforts of the International Auditing and Assurance Standards Board (IAASB) to develop guidance that addresses the needs of small- and medium-sized entities and small and medium practices, including the revision of extant International Standard on Related Services (ISRS) 4410, *Engagements to Compile Financial Statements.* However, as more fully explained herein, we believe that the exposure draft contains several significant issues that should be addressed prior to the issuance of a final revised ISRS 4410.

Our comments on the exposure draft are organized in the following categories:

1. Responses to IAASB request for specific comments
2. Concerns regarding the objective of the compilation engagement
3. Concerns regarding the definitions of *compile* and *compilation engagement*
4. Concerns regarding the practitioner's knowledge and understanding
5. Concerns regarding compiling the financial information
6. Concerns regarding the lack of guidance with respect to the practitioner's consideration of the entity's ability to continue as a going concern
7. Concerns regarding the lack of guidance with respect to the practitioner's consideration of subsequent events
8. Concerns regarding the lack of guidance with respect to the consideration of facts that become known to the practitioner after the date of the compilation report
9. Concerns regarding the documentation requirements
10. Concerns regarding the required elements of the practitioner's compilation report

11. Concerns regarding dating the practitioner's compilation report
12. The need for additional guidance with respect to the practitioner's responsibility for other information in documents containing compiled financial information
13. Concerns regarding the application material with respect to the applicable financial reporting framework

1. Responses to IAASB Request for Specific Comments

IAASB Question 1

Proposed ISRS 4410 is designed to apply when the practitioner is engaged to compile financial information in accordance with an applicable financial reporting framework and to provide a compilation report for the engagement performed in accordance with this ISRS. Do respondents believe this scope is appropriate, and is it clear when practitioners undertaking the compilation of financial information are required to apply the standard? What practical challenges, if any, might arise from the proposed scope of the standard?

Response

The scope of proposed ISRS 4410 is such that in those instances where the practitioner prepares or presents financial statements, but does not report on those financial statements, the ISRS would not apply. While we are supportive of this scope, we recommend that paragraph A1 be revised to caution practitioners regarding the business risks involved when a compilation, or any other nonassurance engagement, is performed that associates the practitioner with financial statements upon which the practitioner has not reported. For example, if the practitioner is aware that the financial statements are to be used by a third party, the practitioner may determine to issue a compilation report, even if not engaged to do so, in order to reduce the risk that a user may misunderstand the level of work the practitioner performed.

IAASB Question 2

Do respondents believe the compilation engagement performed under the proposed ISRS is clearly distinguishable from assurance services (audits and reviews of financial statements) to users of compiled financial information and the practitioner's report, to those who engage practitioners to prepare and present financial information of an entity, and to practitioners undertaking these engagements?

Response

Yes, we believe that the compilation engagement performed in accordance with the proposed ISRS is clearly distinguishable from assurance services to (1) users of compiled financial statements and the practitioner's report; (2) those who engage practitioners to prepare and present financial information of an entity; and (3) practitioners undertaking these engagements. Both the practitioner's compilation report and the engagement letter include language stating that the compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion; therefore, users and those who engage the practitioner receive adequate notice concerning the limitations of the compilation engagement.

IAASB Question 3

Is the requirement for the practitioner to obtain management's acknowledgement of its responsibilities as specified under the proposed ISRS an acceptable premise for the practitioner undertaking a compilation engagement under the standard?

Response

Yes, we believe that the requirement for the practitioner to obtain management's acknowledgement of its responsibilities as specified under the proposed ISRS is an acceptable premise for the practitioner undertaking a compilation engagement under the standard. This would generally be accomplished as part of the requirement to obtain a written engagement letter.

IAASB Question 4

Do respondents believe the proposed requirements dealing with the responses and actions by the practitioner when the practitioner believes the compiled financial statements contain a material misstatement, or are misleading, are appropriate?

Response

We have several concerns regarding the proposed requirements dealing with the responses and actions taken by the practitioner when the practitioner believes the compiled financial statements contain a material misstatement or are misleading. We have organized those concerns as follows:

- Engagements to compile financial statements when management has elected to omit substantially all disclosures required by an applicable financial reporting framework
- Requirement for the practitioner to consider whether the financial information is materially misstated or misleading
- Requirement to "make" amendments to financial information

Engagements to compile financial statements when management has elected to omit substantially all disclosures required by an applicable financial reporting framework

The illustrative engagement letter included in appendix 2 of the proposed ISRS illustrates an engagement where the practitioner compiles financial statements that do not include notes. However, the proposed ISRS does not provide specific guidance when the practitioner is engaged to compile such financial statements. The

ISRS should make clear that frameworks such as International Financial Reporting Standards as issued by the International Accounting Standards Board where management has elected to omit substantially all required disclosures would not necessarily be considered misleading if those financial statements are intended for specific users (for example, management) who have direct knowledge of such information. We believe that it is important to include this guidance as such engagements are common for small- and medium-sized entities and small and medium practices. We believe that the practitioner should be able to compile financial statements when management has elected to omit substantially all disclosures required by an applicable financial reporting framework, provided the omission of substantially all disclosures is not, to the practitioner's knowledge, undertaken with the intention of misleading those who are expected to use such financial statements.

In addition, it may be helpful for practitioners if the proposed ISRS included separate illustrative reports with respect to engagements:

- To compile financial statements when management has elected to omit substantially all disclosures required by a general purpose framework

- To compile financial statements when management has elected to omit substantially all disclosures generally presented in financial statements prepared in accordance with a special purpose framework

Requirement for the practitioner to consider whether the financial information is materially misstated or misleading

The application material (paragraphs A47–A48) to the requirement that the practitioner read the financial information states that the practitioner considers whether the financial information *is materially misstated or misleading* and provides guidance concerning the procedures the practitioner would perform if the financial information *is materially misstated or misleading*. We believe that this application guidance conveys a level of certainty that is impossible to obtain from merely reading the financial statements. Accordingly, we suggest that these paragraphs be amended to state that the practitioner's reading of the financial information with knowledge and understanding of the entity's business and operations enables the practitioner to consider whether the financial information appears appropriate in form and *free from obvious material errors.* This terminology is more appropriate in an engagement in which the practitioner is not required to obtain and does not provide any assurance concerning whether the financial information is materially misstated or misleading.

Requirement to "make" amendments to financial information

Paragraph 32 of the proposed ISRS is flawed in that it includes a requirement that the practitioner "make" amendments to the financial information. Although it is appropriate for the practitioner to propose amendments to management, the responsibility to “make” those amendments always rests with management. We suggest the use of the word “make” be eliminated. The wording could be revised to state that the proposed amendments be recorded based on management’s approval.

IAASB Question 5

When the practitioner identifies the need to amend the compiled financial information so that it will not be materially misstated or misleading, do respondents agree that the practitioner may, in appropriate circumstances, propose the use of another financial reporting framework as long as the proposed alternative framework is acceptable in the circumstances of the engagement and is adequately described in the financial information?

Response

Although we agree that a practitioner may propose the use of another financial reporting framework, we reject the premise that a material misstatement, identified by the practitioner, results in another framework. The framework is that framework (general or special purpose) that management decides to use in the preparation of its financial statements. Notwithstanding the selection of a framework, management may still decide to intentionally deviate from that framework. Doing so, does not in and of itself result in a new framework.

Additionally, we do not agree with the notion that if a practitioner identifies a material misstatement in the course of his or her compilation, and notes that misstatement in the compilation report, that any form of assurance is conveyed by that report modification.

We believe the IAASB needs to divorce the financial reporting framework from the level of service performed. If a practitioner was performing an audit or review and identified a material misstatement that the client was unwilling to change, the practitioner would not necessarily suggest to management to change its framework; instead, the practitioner would modify his or her audit or review report. The same is true for a compilation. If the practitioner identifies a material misstatement that management is unwilling to change, the practitioner should modify his or her compilation report.

Nevertheless, management may choose to change its financial reporting framework. However, management's choice is not linked whatsoever to the level of service performed by the practitioner.

For example, assume that management has elected to use a general purpose framework that requires management to annually assess goodwill for impairment. Under that situation, management might still choose to amortize goodwill instead of performing an annual impairment test. That material misstatement from the general purpose framework does not change the fact that management has asserted its use of a general purpose framework. And that would be true regardless of the level of service performed by the practitioner. Alternatively, upon the advice of a practitioner, management might choose to change its financial reporting framework to an income tax basis of accounting that does allow for the amortization. That choice, made by management, could be made regardless of the level of service.

IAASB Question 6

Appendix 3 of the proposed ISRS sets out several illustrative practitioners' compilation reports. Do respondents agree these reports provide useful additional material to illustrate some different scenarios for compilation engagements? Do respondents believe the communications contained in these illustrative reports are clear and appropriate?

Response

We believe that the illustrative practitioners' compilation reports provide useful additional material to illustrate some different scenarios for compilation engagements. However, we have the following concerns regarding the illustrations:

- Management's responsibilities
- Discussion of what a compilation engagement involves (fourth paragraph of the illustrative report)

Management's responsibilities

The second paragraph of the illustrative practitioner's compilation report reads as follows:

> Management is responsible for these financial statements including adoption of the applicable financial reporting framework, and for the accuracy and completeness of the information used to compile the financial statements.

This contrasts with the illustrative engagement letter, which includes the following with respect to management's responsibility for the compiled financial information:

> (b) Preparation and presentation of the financial statements in accordance with the applicable financial reporting framework (that is, as described above) and the selected accounting policies; including management judgments needed to develop any accounting estimates required for the compiled financial information

We believe that because both illustrations purport to express management's responsibilities with respect to compiled financial statements, the language in both illustrations should be consistent. Furthermore, we believe that the language in the illustrative engagement letter is more descriptive and useful to users of the practitioner's compilation report and, therefore, should be included in the illustrative report examples.

Fourth paragraph (final paragraph in standard compilation report)

The first sentence in the fourth paragraph of the illustrative report states, "A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information."

As previously stated, the practitioner may compile financial information that management has already prepared. We believe that the ISRS should make clear how the reports could be modified in those situations where management has prepared the financial statements.

IAASB Question 7

Proposed ISRS 4410 is premised on the basis that a firm providing compilation engagements under the standard is required to apply, or has applied, ISQC 1 or requirements that are at least as demanding. In light of this, are the requirements concerning quality control at the engagement level sufficient? Does this approach to specifying quality control provisions in proposed ISRS 4410 create difficulty at a national or firm level? If so, please explain.

Response

We believe that the requirements concerning quality control at the engagement level are sufficient. Although we are unable to provide input concerning whether the quality control provisions in proposed ISRS 4410 would create difficulty for other jurisdictions, we do not envision any difficulties for practitioners or firms performing these engagements in the United States of America.

Requested Comments on Proposed Effective Date

The explanatory memorandum to the proposed ISRS includes the following comment and question:

> Recognizing that proposed ISRS 4410 is a substantive revision of extant ISRS 4410, and given the public interest need to harmonize practice internationally as soon as practicable, the IAASB believes that an appropriate effective date for the standard would be 18 months after approval of the final revised standard. Assuming the IAASB intends to finalize the revised standard in December 2011, it would then be effective for compilation engagements performed for financial information for periods ending on or after June 30, 2013. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the final ISRS.

We believe that the proposed effective date should be the same as that included in the proposed International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*. The proposed effective date as stated in that document is for reviews of financial statements for periods ending on or after December 31, 2013. Further, pushing the effective date back an additional 6 months would give the smaller firm practitioners who will generally be using the proposed standard additional time to become comfortable with the requirements and guidance contained therein.

2. Concerns Regarding the Objective of the Compilation Engagement

Paragraph 14 of the proposed ISRS reads as follows:

> **14.** The practitioner's objectives in a compilation engagement under this ISRS are:
>
> (a) To apply accounting and financial reporting expertise to assist management in preparing and presenting financial information in accordance with an applicable financial reporting framework based on information provided by management; and
>
> (b) To report in accordance with the requirements of this ISRS.

The objective in paragraph 14(a) includes the preparation of financial information. As stated in paragraph A16 of the proposed ISRS, practitioners may be engaged to compile financial statements or other financial information that has already been prepared by management of the entity. We believe that the words "as applicable in the circumstances" should be included after "preparing and presenting financial information." This would allow for a varied amount of activity including an engagement where the practitioner compiles financial statements that have already been prepared by management of the entity.

In addition, although the proposed ISRS mentions several times that the compilation engagement is not an assurance engagement; this is not mentioned in the objective of the engagement. We propose that the objective be revised as follows (new language is in boldface italics):

> **14.** The practitioner's objectives in a compilation engagement under this ISRS are:
>
> (a) To apply accounting and financial reporting expertise to assist management in preparing and presenting financial information***, as applicable in the circumstances, without undertaking to obtain or provide any assurance that the financial statements are*** in accordance with an applicable financial reporting framework based on information provided by management; and
>
> (b) To report in accordance with the requirements of this ISRS.

3. Concerns Regarding the Definitions of *Compile* and *Compilation Engagement*

Paragraph 15 includes the following definitions:

> (b) *Compile*—To apply accounting and financial reporting expertise to prepare and present financial information in accordance with an applicable financial reporting framework.
>
> (c) *Compilation Engagement*—An engagement in which a practitioner assists management in preparing and presenting financial information of

> an entity by compiling that information under the terms of the engagement, and issuing a report in accordance with the requirements of this ISRS. (Ref: Para. A16)

As discussed in our comment on the objective of the engagement, often practitioners may be engaged to compile financial statements or other financial information that has already been prepared by management of the entity. We believe that the phrase "as applicable in the circumstances" should be included in both of these definitions after the phrase "prepare and present financial information," and "preparing and presenting financial information," respectively.

Paragraph A16 further confuses the issue by stating that the scope of the engagement "will in every case involve assisting management to prepare and present the entity's financial information in accordance with the applicable financial reporting framework," but states that "in some engagements management may have already prepared the financial information." These two statements conflict. We believe that the guidance should discuss that in some cases management may prepare the financial statements and in other cases the practitioner may assist in drafting the financial statements either in whole or in part.

The issue is also illustrated in paragraph A37, which reads as follows (emphasis added):

> **A37.** The practitioner is entitled to rely on management to provide all relevant information for the compilation on an accurate, complete and timely basis. The form of the information provided by management for the purpose of the compilation will vary in different engagement circumstances. In broad terms it will comprise records, documents, explanations and other information relevant to the **preparation** of the financial information**.** The information provided may include, for example, information about management assumptions, intentions or plans underlying development of accounting estimates needed to compile the information under the applicable financial reporting framework.

As previously stated, the practitioner may not prepare the financial information as part of the compilation engagement. In those instances, management would not need to provide the practitioner with records, documents, explanations, and other information relevant to the preparation of the financial information. Therefore, we believe that the word *preparation* (previously emphasized) should be changed to *compilation*. This change would make the wording consistent with paragraph 23(c)(ii)c.ii.

4. Concerns Regarding the Practitioner's Knowledge and Understanding

Paragraph 27 states, in part, that to perform the compilation engagement, the practitioner shall obtain knowledge and understanding of the entity's business and operations, including the entity's accounting system and accounting records.

Paragraph A43 provides examples of relevant factors the practitioner may consider in developing a knowledge and understanding of the entity's business and operations. Included in those examples is "The level of development and proper design or relative sophistication of the entity's accounting systems and related controls through which the entity's accounting records and related information is maintained." We believe that, as written, practitioners may misinterpret this example to imply that the practitioner performing a compilation has a responsibility to evaluate the appropriateness of the design of the entity's accounting systems and related controls. To clarify, we propose that the final bullet in paragraph A43 be revised as follows (new language is in boldface italics, deleted language in strikethrough):

- The level of development***, the*** ~~and proper~~ design***, and the*** ~~or~~ relative sophistication of the entity's accounting systems and related controls through which the entity's accounting records and related information is maintained.

5. Concerns Regarding Compiling the Financial Information

We support the omission of a requirement stating that the practitioner should reconcile the financial information with the underlying records, documents, explanations, and other information provided by management for the compilation. However, paragraph A44 includes the wording, "In recording how the compiled financial information reconciles to the underlying records, documents, explanations and other information;" this language does not make sense without a requirement that the practitioner perform the reconciliation. We recommend that paragraph A44 be deleted.

In addition, paragraph 29 reads as follows:

> **29.** The practitioner shall discuss and agree with management significant judgments required to compile the financial information including, where applicable, the basis for significant accounting estimates and use of the going concern assumption. (Ref: Para. A45)

We do not believe that the requirement to discuss and agree with management is appropriate in a nonassurance engagement. We recommend that paragraph 29 be revised as follows (new language is in boldface italics, deleted language is shown by strikethrough):

> **29.** The practitioner shall ***obtain an understanding of how management developed*** ~~discuss and agree with management~~ significant judgments ~~required to compile~~ ***in the preparation of*** the financial information including, where applicable, the basis for significant accounting estimates and use of the going concern assumption. (Ref: Para. A45)

6. Concerns Regarding the Lack of Guidance With Respect to the Practitioner's Consideration of the Entity's Ability to Continue as a Going Concern

Paragraph 29 requires that the practitioner discuss and agree with management "the use of the going concern assumption." In addition, paragraph A45 states, "if the practitioner becomes aware that uncertainties exist regarding an entity's ability to continue as a going concern, the practitioner may, as appropriate, suggest a more appropriate presentation under the applicable financial reporting framework and related disclosures concerning the entity's ability to continue as a going concern."

However, we do not believe that the proposed ISRS provides sufficient guidance for practitioners with respect to situations where information may come to the practitioner's attention indicating that an uncertainty may exist regarding the entity's ability to continue as a going concern inclusive of reporting implications. We believe that the proposed ISRS could be improved if the standard provided guidance to the practitioner that when such information comes to the practitioner's attention, the practitioner should request that management consider the possible effects of the going concern uncertainty on the financial statements and should consider the reasonableness of management's conclusions, including the adequacy of the related disclosures.

7. Concerns Regarding the Lack of Guidance With Respect to Subsequent Events

Paragraph 31 requires that, prior to the completion of the compilation engagement, the practitioner read the financial information with the (1) knowledge and understanding of the entity's business and operations, including the entity's accounting system and accounting records; and (2) an understanding of the applicable financial reporting framework, including its application in the entity's industry.

Although not explicitly stated, we believe that it is implied that the practitioner's knowledge and understanding as previously described encompasses the practitioner's consideration of subsequent events. However, we believe that the proposed ISRS would be significantly improved if it provided explicit guidance for practitioners with respect to situations where evidence or information comes to the practitioner's attention that a subsequent event that has a material effect on the financial statements has occurred. Such guidance may read as follows (proposed requirements paragraphs are indicated with an R prefix):

> **R1.** When evidence or information that a subsequent event that has a material effect on the compiled financial statements has occurred comes to the practitioner's attention, the practitioner shall request that management consider the possible effects on the financial statements, including the adequacy of any related disclosure, if applicable.

> **R2.** If the practitioner determines that the subsequent event is not adequately accounted for in the financial statements or disclosed in the notes, he or she shall follow the guidance in paragraphs 32–33.

8. Concerns Regarding the Lack of Guidance With Respect to the Consideration of Facts That Become Known to the Practitioner After the Date of the Compilation Report

We do not believe that the proposed ISRS sufficiently addresses facts that become known to the practitioner after the date of the compilation report. We propose that the draft ISRS be revised to include such guidance. The AICPA's Statements on Standards for Accounting and Review Services in *Professional Standards* include requirements and guidance that the IAASB may find helpful.

9. Concerns Regarding the Documentation Requirements

Paragraph 36 of proposed ISRS 4410 includes a requirement for the practitioner to document how the compiled financial information reconciles with the underlying records, documents, explanations, and other information provided by management for the compilation. Although we support the omission of a requirement stating that the practitioner should reconcile the financial information with the underlying records, documents, explanations, and other information provided by management for the compilation, it does not seem appropriate to include a documentation requirement for which there is no corresponding performance requirement. In addition, paragraph A53 of the proposed ISRS states the purposes for the documentation requirements in the proposed ISRS, as follows:

> **A53.** The documentation required by this ISRS serves a number of purposes, including the following:
>
> - Providing a record of matters of continuing relevance to future compilation engagements.
> - Enabling the engagement team, as applicable, to be accountable for its work.
> - Documenting the completion of the engagement.

It is unclear how the requirement to document how the compiled financial information reconciles with the underlying records, documents, explanations, and other information provided by management for the compilation accomplishes any of the previously stated purposes. We strongly urge the IAASB to remove this documentation requirement.

In addition, paragraph A54 states, in part, that the practitioner may consider including a record of adjustments proposed by the practitioner but not accepted by management in the engagement documentation in addition to that required under the proposed ISRS. Further, paragraph A55 states, in part, that regarding the practitioner's communications with management in the course of the engagement, the practitioner may consider documenting adjustments made to the description of the applicable financial reporting framework in the compiled financial information, and any amendments that were proposed but not accepted by management.

The previously referenced documentation requirements are not compatible with the performance requirement in paragraph 32. That requirement states, in part, that if, upon reading the compiled financial information, the practitioner becomes aware that there are material misstatements in the compiled financial information, or that the compiled financial information is misleading, the practitioner shall propose to management the appropriate adjustments to be made to the compiled financial information, **and then make those amendments to the financial information** (emphasis added). The boldface wording makes clear that there would not be any adjustments that were not accepted by management as the accountant would have made the proposed amendments to the financial information. In addition to our issue with this performance requirement (please see our previous comment), we also question how the documentation requirement compares to the performance requirement. We suggest deleting the documentation examples from paragraphs A54 and A55.

Finally, we believe that the documentation requirements in paragraph 36 should include the following:

(d) The engagement letter documenting the agreed terms of the engagement, as required by paragraphs 24–25

(e) All amendments proposed to management in accordance with paragraph 32

10. Concerns Regarding the Required Elements of the Practitioner's Compilation Report

Paragraph 37(f) states, in part, that the practitioner's report issued for the compilation engagement shall include a statement that neither an audit nor a review has been carried out and accordingly the practitioner does not express an audit opinion or a review conclusion on the compiled financial information. However, paragraph A11 reads as follows:

> **A11.** A compilation engagement does not entail performance of the types of procedures that provide a basis for the practitioner to express assurance on the compiled financial information. To avoid misunderstanding the practitioner is required to communicate that the compilation engagement is not an assurance engagement when agreeing the terms of the engagement with management and in the practitioner's report.

We agree with the thought as expressed in paragraph A11 that in order to avoid misunderstanding, the practitioner's compilation report should include a statement that the accountant does not provide any assurance on the compiled financial statements. Therefore, we suggest that paragraph 37(f) be revised to read as follows (new language in boldface italics, deleted language in strikethrough):

(f) A description of what a compilation of financial statements entails in accordance with this ISRS, and a statement that neither an audit nor a review has been carried out and accordingly the practitioner does not express an audit opinion***,*** ~~or~~ a review conclusion***, or provide any assurance*** on the compiled financial information;

The illustrative practitioner's compilation reports in appendix 3 should also be revised to reflect this proposed change.

11. Concerns Regarding Dating the Practitioner's Compilation Report

Paragraph 38 states that the practitioner shall date the report on the date that management has accepted responsibility for the compiled financial information. In most cases, this proposed requirement will result in the practitioner dating the report as of the completion of the compilation engagement. However, because the proposed ISRS appropriately does not include a requirement that the practitioner obtain a representation letter from management, there may be cases where the proposed requirement would result in an inappropriate report date. Throughout the proposed ISRS, the presumption is that the practitioner will or has prepared the financial statements as part of the compilation engagement. However, in some environments and jurisdictions, that presumption is not always true. Management may prepare the financial statements and then provide those financial statements to the practitioner. The practitioner will then subject those financial statements to the compilation procedures. In that case, management will have accepted responsibility for the financial statements at the point when management presents the financial statements to the accountant—which may be prior to the completion of the compilation engagement. So that the ISRS includes the appropriate requirement, we believe that the proposed ISRS should be revised to state that the practitioner shall date the report on the date that the practitioner has completed the compilation engagement in accordance with the ISRS.

12. The Need for Additional Guidance With Respect to the Practitioner's Responsibility for Other Information in Documents Containing Compiled Financial Information

Paragraph A57 discusses the situation where compiled financial information is included in a document that contains other information. However, the ISRS does not discuss whether the practitioner has any responsibility with respect to that other information. We recommend that the proposed ISRS be revised to discuss the practitioner's responsibility, if any, with respect to such other information.

13. Concerns Regarding the Application Material With Respect to the Applicable Financial Reporting Framework

Paragraph A15 states, in part, that a general-purpose framework such as International Financial Reporting Standards requires a significantly higher level of knowledge and expertise of the practitioner in order for the practitioner to compile the financial information. Although this statement may be true in certain circumstances, we disagree that it is always the case. For example, a special-purpose framework, such as a regulatory basis of accounting, may require a greater level of knowledge and expertise of the practitioner in order for the practitioner to compile the financial information. We recommend deleting the phrase "and accordingly requires a significantly higher level of knowledge and expertise of the practitioner."

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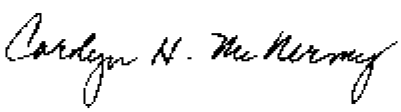
Thank you for the opportunity to comment on this exposure draft. If you have any questions regarding the comments in this letter, please contact Michael Glynn at +1 212 596 6250 or mglynn@aicpa.org.

Respectfully submitted,



/s/ Carolyn H. McNerney

Chair, AICPA Accounting and Review Services Committee