



February 8, 2019

Ms. Barbara Andrews
Director of Forensic Services
AICPA
220 Leigh Farm Road
Durham, NC 27707

Re: December 10, 2018 Forensic and Valuation Services Proposed Standard for Engagements of Forensic Services

Dear Ms. Andrews:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC has reviewed the Proposed Standard for Engagements of Forensic Services (ED) and is providing the following comments for your consideration.

Paragraph .02 of the ED notes that "Members should modify their understanding with the client if such engagements convert to a Forensic Services engagement." TIC was confused as to whether an engagement that starts as an investigation and then moves to litigation services would require the member to obtain a new or revised understanding with the client. An FAQ on how to handle when the intent of the client changes within the scope of the standard would provide clarity. In addition, adding an "or" into paragraph .01 may clarify that the definitions are provided to define the scope of this standard rather than to bifurcate the standard.

Further, TIC was confused as to what will happen to engagements that are currently being performed under SSCS1 and whether the member would now have to look to both sets of standards when performing these engagements. These types of engagements occur on a very frequent basis, one example would be performing an investigation while also doing internal control walkthroughs to do consulting on processes under SSCS1. An FAQ that elaborates that this standard is intended to replace SSCS1 when the engagement meets the scope of litigation or investigation would be helpful. This would add additional clarity to which standards are applicable for engagements in this space as paragraph .02 and the related footnotes only relate to SSAE and SSVS 1.

In addition, TIC would ask the Forensic and Valuation Services Executive Committee to consider modifying the wording related to agreed-upon procedures (AUP) to be written more generically as there is a current project related to attest engagements that could end up adding an additional service that is similar to an AUP. The auditing standards team would be able to assist with making this language more generic and evergreen given some anticipated changes to the existing attestation standards.

TIC believes that paragraph .06 is the preferred wording with respect to the Client Interest. TIC believes that current paragraph .06 should be moved directly before paragraph .05 as an introduction to paragraph .05.

TIC noted that some of the drafting conventions and use of bullet points is inconsistent with those used in other standards, including Statements on Auditing Standards as issued by the Auditing Standards Board and the Statements on Standards for Accounting and Review Services as issued by the Accounting and Review Services Committee. TIC would suggest a final edit to ensure these standards use the same drafting and numbering conventions as other AICPA standards as members have become accustomed to that format.

TIC prefers effective dates that allow for a full CPE cycle for practitioners to be made aware of new standards with early adoption continuing to be permitted. This methodology is consistent with many effective dates of the auditing, attestation, and compilation and review standards as issued by the AICPA. Therefore, TIC would suggest giving practitioners one year from the date the standard is issued with early adoption permitted rather than making it effective upon issuance.

In addition, TIC was curious if a member would be allowed to sign an addendum to an existing engagement letter with a client to modify the engagement to have these standards applicable as it would be an existing engagement, but it would be a new understanding with the client. An FAQ could provide additional clarity.

TIC appreciates the opportunity to present these comments on behalf of PCPS Member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Westervelt". The signature is written in a cursive, slightly slanted style.

Michael A. Westervelt, Chair
PCPS Technical Issues Committee
cc: PCPS Executive and Technical Issues Committees