



JASON E. MUMPOWER  
Comptroller

August 16, 2022

Professional Ethics Division  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Mr. Lynch:

On behalf of the Tennessee Department of Audit, we thank the Professional Ethics Executive Committee (PEEC) for the opportunity to comment on the Exposure Draft (ED), *Proposed New and Revised Definitions and Interpretations: Compliance Audits*. We generally agree with the board's proposals. Our responses to the PEEC's specific questions follow.

### **Request for Comment**

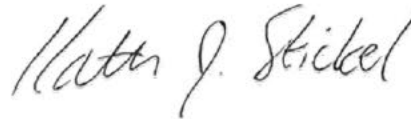
1. *Is the definition of "compliance audit" clear? If not, please explain how it should be clarified? **We agree the "compliance audit" definition is clear.***
2. *Is the definition of "compliance audit attest client" clear? If not, please explain how it should be clarified? **We agree the "compliance audit attest client" definition is clear.***
3. *Do you agree that there should be an exception to the independence requirements in a compliance audit for entities that are not subject to compliance audit procedures and report amounts that are trivial and clearly inconsequential? If you disagree, please explain why? **We agree exceptions should exist to the independence requirements in a compliance audit for entities not subject to compliance audit procedures and report amounts that are trivial and clearly inconsequential.***
4. *Do you agree that the affiliates interpretations should not apply in a compliance audit? If you disagree, please explain why? **We agree the affiliates interpretations should not apply in a compliance audit.***
5. *Do you agree that the revision in each of the affiliates interpretations serves as a useful reminder that these interpretations do not apply to specific attest engagements (e.g., compliance audits and engagements performed under the SSAEs)? If you disagree, please explain why? **We agree the revision in each of the affiliates interpretations serves as a useful reminder.***
6. *Do you agree that entities that are not subject to compliance attestation procedures in an engagement performed under the SSAEs are not considered responsible parties and therefore are not subject to the "Independence Standards for Engagements Performed in Accordance*

with Statements on Standards for Attestation Engagements” subtopic (ET section 1.297)? If you disagree, please explain why? **We agree an entity not subject to compliance attestation procedures should not be considered a responsible party, and therefore, not subject to the independence requirements in ET Section 1.297.**

7. Do you agree that the effective date provides adequate time to implement the proposals? If you disagree, please explain why? **We agree the effective date provides adequate time to implement the proposals.**
8. What independence requirements applicable to compliance audits would you like further explained through nonauthoritative guidance? **We believe the PEEC should consider defining or describing what constitutes a “compliance audit procedure” in situations other than a Single Audit using the Uniform Guidance and its Compliance Supplement.**

Should you have questions or need clarification on any of our comments, please contact Gerry Boaz [REDACTED] or Teryn McNeal [REDACTED] at [REDACTED].

Sincerely,



Kathy Stickel, CPA, CGFM  
Director, Division of State Audit



Jim Arnette, CISA, CGFM  
Director, Division of Local  
Government Audit