



**Agenda Item 6A**

---

**EXPOSURE DRAFT**

---

**PROPOSED STATEMENT ON STANDARDS FOR  
ATTESTATION ENGAGEMENTS**

*SELECTED PROCEDURES*

**September X, 2017**

**Comments are requested by December X, 2017**

Prepared by the AICPA Accounting and Review Services Committee for comment from persons interested in  
attestation and reporting issues

Comments should be addressed to Mike Glynn at [mike.glynn@aicpa-cima.com](mailto:mike.glynn@aicpa-cima.com)



Copyright © 2017 by  
American Institute of Certified Public Accountants, Inc.  
New York, NY 10036-8775

*Permission is granted to make copies of this work provided that such copies are for personal, intraorganizational, or educational use only and are not sold or disseminated and provided further that each copy bears the following credit line: "Copyright © 2016 by American Institute of Certified Public Accountants, Inc. Used with permission."*

**CONTENTS**

---

	<b>Page</b>
<b>Explanatory Memorandum</b>	
Introduction .....	4
Background .....	4
Effective Date .....	4
Issues for Consideration and Specific Requests for Comment .....	4
Guide for Respondents.....	6
Comment Period .....	6
Accounting and Review Services Committee Members .....	7
<b>Exposure Draft</b>	
Proposed Statement on Standards for Attestation Engagements <i>Selected Procedures</i> .....	8

---

## **EXPLANATORY MEMORANDUM**

### **Introduction**

This memorandum provides background on the proposed Statement on Standards for Attestation Engagements (SSAE) *Selected Procedures*.

### **Background**

The project to develop the proposed standard is a joint effort of the ARSC and the ASB (the “Committees”).

The project was initiated by the Committees to address potential enhancements with respect to engagements performed in accordance with AT-C section 215, *Agreed-Upon Procedures Engagements* including revisions to provide more flexibility in how a practitioner can perform an engagement to perform specific procedures and report in a procedures and findings format. Those issues are further explained below in issues 1-3.

The project is part of a broader project to consider amending the attestation standards for examination, review and agreed-upon procedures engagements to address situations in which a responsible party may not measure the subject matter against the criteria and, accordingly, is not requested to provide an assertion to the practitioner. Depending on the outcome of that broader project, AT-C section 215 could be revised to eliminate the requirement of requesting a written assertion from the responsible party.<sup>1</sup>

### **Effective Date**

The effective date of this proposed SSAE has not been determined. It is not anticipated that the effective date would be for reports dated before May 1, 2019.

### **Issues for Consideration and Specific Requests for Comment**

#### **Issue #1 - Determination of the Procedures to be Performed**

In an engagement performed in accordance with AT-C section 215, specified parties determine the procedures to be applied by the practitioner and they need to acknowledge their responsibility for the sufficiency of the procedures. In practice, however, a specified party may ask the practitioner to determine the procedures to meet a certain objective or such parties may not have the knowledge or expertise to determine such procedures. The proposed standard would allow greater flexibility by allowing the procedures to be developed by the practitioner, the engaging party, another party, or a combination of these parties none of which would be required to take responsibility for the sufficiency of those procedures; however, any or all may take such responsibility. The proposed standard would require the engaging party to determine the intended purpose of the engagement (that is, the use for which the practitioner’s report is intended).

Individual users of the selected procedures report would make their own determination as to how the report is to be used based on the procedures performed and the related findings and whether the procedures performed were sufficient for their purposes.

#### **Specific Request for Comment #1**

<sup>1</sup> Paragraph .15 of AT-C section 215.

Respondents are asked whether they agree with the premise of a proposed standard that would allow greater flexibility as to the development of the procedures to be performed by the practitioner and, if so, whether they believe that the proposed standard appropriately addresses the objectives of providing this flexibility and the nature and extent of the responsibilities of the parties to the engagement. In particular, respondents are further asked whether they agree with the proposal that no party would be required to accept responsibility for the sufficiency of the procedures in a selected procedures engagement.

### **Issue #2 – Use of the Report**

A practitioner's agreed-upon procedures report is required to include an alert that restricts its use. The restriction is necessary because the agreed-upon procedures are determined by the specified parties and therefore the report is intended to be used only by those parties. As stated in Issue #1, the proposed standard eliminates the requirement for specified parties to determine the procedures they believe to be appropriate to be applied by the practitioner. The elimination of the requirement for the specified parties to determine and acknowledge the sufficiency of those procedures results in the elimination of the need for the report to be restricted for the use of those specified parties.

Although there would be no requirement to do so, the practitioner would not be precluded from restricting the use of the selected procedures report if the engaging party asks that the report be restricted or if the practitioner deems a restriction on the use of the selected procedures report to be appropriate – consistent with the ability to restrict the use of an examination or review report in accordance with the attestation standards.

### **Specific Request for Comment #2**

Respondents are asked whether they agree with the permission of general use selected procedures reports. Respondents are requested to specifically provide feedback as to whether the determination to restrict the use of a practitioner's selected procedures report should be primarily a function of the practitioner's professional judgment or whether there should be specific situations in which the practitioner would be required to restrict the use of the selected procedures report (including a description of those situations).

### **Issue #3 – Requesting or Obtaining an Assertion from a Responsible Party**

In an agreed-upon procedures engagement, the practitioner is required to request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria. When the responsible party refuses to provide the practitioner with a written assertion, the practitioner is required to disclose in the practitioner's report the responsible party's refusal to provide a written assertion. In practice, specifically in situations in which the engaging party is not the responsible party, the responsible party may have not measured the subject matter of the agreed-upon procedures engagement against the criteria and therefore is unable to provide an assertion. The proposed standard addresses this circumstance by not requiring the practitioner to request or obtain an assertion from any party.

### **Specific Request for Comment #3**

Respondents are asked whether they agree that the practitioner should not be required to request or obtain an assertion from a responsible party in a selected procedures engagement.

### **Issue #4 – The Proposed Standard Compared to an Agreed-Upon Procedures Engagement**

The proposed standard is engagement driven which means that it would apply only when a practitioner is engaged to issue, or does issue a practitioner's selected procedures report. The proposed standard does not include a "framework" for determining when a practitioner should perform an agreed-upon procedures engagement vs. a selected procedures engagement. At this point, the Committees believe that decision should be a marketplace decision based on a number of factors, including whether the engaging party desires to determine the procedures to be performed and to agree as to their sufficiency.

#### **Specific Request for Comment #4**

Respondents are asked whether they believe that the proposed standard should be (a) included in the professional literature as revisions to AT-C section 215 (resulting in the agreed-upon procedures and selected procedures requirements and guidance being codified together) or (b) a stand-alone AT-C section within the attestation literature and to provide reasoning for their preference.

#### **Concepts From AT-C section 105, Concepts Common to All Attestation Engagements**

Given that the Committees are considering amendments to the existing AT-C sections to address situations in which the responsible party has not measured the subject matter against the criteria, the extent of changes, if any, to AT-C 105 is unknown. Therefore, the Committees determined that it would be more convenient for respondents to consider the proposed *Selected Procedures* standard if it included certain elements from AT-C section 105. Those elements may eventually be moved to a revised AT-C section 105. Such elements include:

- Definitions
- Compliance With this Section
- Relationship of this Section to Quality Control Standards
- Acceptance and Continuance
- Preconditions for a Selected Procedures Engagement
- Acceptance of a Change in the Terms of the Engagement
- Professional Skepticism and Professional Judgment
- Using the Work of an Other Practitioner
- Documentation
- Engagement Quality Control Review

#### **Guide for Respondents**

Respondents are asked to provide comments on the Specific Request for Comment Nos. 1-4 as well as on the content of the proposed SSAE.

Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and (when appropriate) make specific recommendations for any suggested changes to wording. When a respondent agrees with proposals in the exposure draft, it will be helpful for ARSC to be made aware of this view, as well.

Written comments on the exposure draft will become part of the public record of the AICPA and will be available for public inspection at the AICPA offices after December X, 2017, for a period of one year. Responses should be sent to Mike Glynn at [mike.glynn@aicpa-cima.com](mailto:mike.glynn@aicpa-cima.com) by December X, 2017.

#### **Comment Period**

The comment period for this exposure draft ends on December X, 2017.

**Accounting and Review Services Committee**  
(2016–2018)

Mike Fleming, *Chair*  
Denny F. Ard  
Sheila Balzer  
Jimmy E. Burkes

Jeremy Dillard  
David Johnson  
Dustin Verity

**Selected Procedures Task Force**

Denny F. Ard, *Chair*  
Jeremy Dillard  
Marne Doman  
Dan Hevia

David Johnson  
Michael Manspeaker  
Paul Penler  
Chad Singletary

Messrs. Hevia and Johnson are members of the Auditing Standards Board. Mr. Manspeaker is a member of the PCPS Technical Issues Committee. In addition, Mr. Fleming, Mike Santay, Chair of the Auditing Standards Board, and Catherine Schweigel, ASB Member and Chair of the ASB's Non-Assertion Based Examination and Review Engagements Task Force, are observers of the Selected Procedures Task Force.

**AICPA Staff**

Charles E. Landes  
*Vice President*  
*Professional Standards*

Michael P. Glynn  
*Senior Technical Manager*  
*Audit and Attest Standards*  
*Staff Liaison—Accounting and Review Services*  
*Committee*

Michael A. Jones  
*Assistant General Counsel*