



## Agenda Item 4B

### Summary of Comments on Proposed SSAE, *Revisions to SSAE No. 18*, Attestation Standards: Clarification and Recodification

Comment Letter Number	Name of Commenter	Comment Letter Number	Name of Commenter
1	Charles Strand CPA	20	Office of the Washington State Auditor
2	Virginia Commonwealth	21	CliftonLarsonAllen LLP
3	New Jersey Society of Certified Public Accountants	22	Ernst & Young LLP
4	Ostrow Reisin Berk & Abrams, Ltd.	23	Deloitte & Touche LLP
5	Pennsylvania Institute of Certified Public Accountants	24	Michigan Association of CPAs'
6	National Association of State Boards of Accountancy	25	U.S. Government Accountability Office
7	Hantzmon and Wiebel LLP	26	PricewaterhouseCoopers LLP
8	RSM	27	Technical Issues Committee of the AICPA Private Companies Practice Section
9	Pannell Kerr Forster of Texas, P.C.	28	Dixon Hughes Goodman LLP
10	New York State Society of Certified Public Accountants	29	BDO USA LLP
11	Texas Society of CPAs	30	Kearney & Company
12	Michigan Office of the Auditor General	31	SingerLewak LLP
13	A-LIGN	32	The Ohio Society of CPAs
14	Beth Schneider	33	North Carolina Association of Certified Public Accountants
15	Illinois CPA Society	34	CohnReznick LLP
16	National State Auditors Association	35	KPMG LLP
17	Hunter College	36	Grant Thornton LLP
18	Association of Local Government Auditors	37	Florida Institute of Certified Public Accountants

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Comment Letter Number	Name of Commenter	Comment Letter Number	Name of Commenter
19	Percy Bowler Taylor Kern	38	Crowe LLP
20	Office of the Washington State Auditor	39	Baker Tilly

**Request for Comment 1**  
**Eliminating the requirement to request a written assertion from the responsible party (1) when reporting on the subject matter in examination and review engagements (2) in agreed-upon procedures engagements**

Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<p><b>Support:</b> 18 3, 4, 6, 8, 12, 14, 15, 16, 17, 21, 24, 25, 27, 29, 30, 31, 32, 36</p> <p><b>Oppose:</b> 11 2, 7, 13, 19, 22, 23, 26, 33, 34, 35, 37</p> <p><b>Obtain PEEC Input:</b> 1 39</p> <p><b>Mixed:</b> 2 10, 11</p> <p><b>No Comment:</b> 7 1, 5, 9, 18, 20, 28, 38</p> <p><b>Total:</b> 39</p>	<p>The written assertion requirement that was introduced in the clarified attestation standards has been identified as a difficulty in practice in certain circumstances. The requirement to obtain an assertion is particularly difficult as it relates to agreed-upon procedures engagements when the engaging party is not the same as the responsible party. In these situations, the responsible party is often unwilling to provide an assertion. Therefore, we believe the proposed changes provide greater flexibility and we are supportive of this revision. (21)</p> <p>ORBA concurs with the ASB that a practitioner, in performing attest procedures on subject matter, should not be required to obtain a written assertion from the party responsible for the subject matter... The practitioner should have, in the course of the performance of the engagement, obtained sufficient appropriate evidence to enable him or her to opine that the subject matter is presented, in all material respects, in accordance with the criteria or to conclude that there are no material modifications that should be made to the subject matter in order for it to be in accordance with the criteria. (4)</p> <p>...Under the current standards for examination, review or agreed-upon procedures engagements, the refusal of the engaging party to provide a written assertion</p>	<p>We do not agree that in engagements in which the practitioner reports directly on the subject matter, that requesting a written assertion from the responsible party should no longer be required. Although such will potentially open new opportunities for practitioners to be of service, we believe further outreach and deliberation should be done. We acknowledge that the appropriate party may not have the ability or willingness to perform its own measurement or evaluation of the subject matter. We also acknowledge that firms could require a written assertion as a matter of their own risk management. Our concern is for the Profession and that the deviation from a presumed "management has to go first" requirement could have unintended consequences such as confusion among practitioners as to the work effort required, which could lower quality, and confusion in the marketplace as to what the practitioner did and did not do (34)</p> <p>... we understand some may view the current requirement to withdraw from an examination engagement if a written assertion is not obtained to be overly conservative. Rather than removing the requirement to request a written assertion in an examination engagement, we suggest the ASB consider a more simple change based on the premise set out in paragraph 58 of AT 101, <i>Attest Engagements</i>. If a written assertion is not obtained, we believe the practitioner needs to determine whether sufficient appropriate audit evidence can be obtained. Specific application guidance could be included in the proposed standard to highlight that,</p>

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	<p>may require the practitioner to withdraw from the engagement. We believe that having the responsible party provide a written assertion when such is not the purpose of the engagement does not enhance the users' degree of confidence in the subject matter. (3)</p>	<p>when the practitioner believes the responsible party does not have a sufficient basis for making an assertion, the practitioner could be engaged initially to perform a consulting engagement to enable the responsible party to be in a position to make an assertion. (26)</p> <p>We also believe that eliminating the requirement for a practitioner to request an assertion could increase the attestation risk for practitioners. Therefore, if the ASB moves forward with this proposed amendment, we believe the ASB should expand its application guidance to help practitioners understand the potential effect of such changes on the nature, timing and extent of procedures necessary to obtain sufficient appropriate evidence (e.g., to address the self-review risk of being the sole party that does the measurement or evaluation of the subject matter in accordance with the specified criteria).(22)</p>
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**Task Force Response to Comments**

The Task Force recommends that a practitioner should not be required to request a written assertion from the responsible party (1) when reporting on the subject matter in an examination or review engagement or (2) in an agreed-upon procedures engagement. AT-C section 320 *Reporting on an Examination of a Service Organization's Controls Relevant to User Entities' Internal Control Over Financial Reporting*, requires the practitioner to request a written assertion from the responsible party in an engagement performed under that AT-C section. Certain AICPA guides, such as the AICPA Guide, *Reporting on Controls at the Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy*. (SOC 2 guide) also "require" such an assertion. In general, an AICPA guide should not contain requirements in addition to those included in the AT-C section on which the engagement is based, unless the requirement is contained in a law or regulation. If an assertion is not required in a generic attestation engagement, the ASB will need to determine whether an assertion should be required in attestation engagements that address certain subject matters, and if it is required, the rationale for making this determination.

**Request for Comment 1**

**Requirement to add a statement to the practitioner's report regarding the practitioner's independence.**

Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<p><b>Support:</b> 23 4, 6, 7, 8, 10, 11,12, 14,16,17,18, 19, 21, 23, 25, 27, 29, 30,</p>	<p>We support the ASB's position to add a statement to the practitioner's report regarding independence and fulfilling the practitioner's other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.</p>	<p>...Further, we believe including such an independence statement will be challenging without also including transparency regarding the extent of non-attest services provided relative to the subject matter. ISAE 3000</p>

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<p>31, 32, 33, 34, 37</p> <p><b>Oppose:</b> 2 22, 26,</p> <p><b>Mixed:</b> 2 3, 35</p> <p><b>No Comment:</b> 12 1, 2, 5, 9, 13, 15, 20, 24, 28, 36, 38, 39</p> <p><b>Total</b> 39</p>	<p>Practitioners are required to be independent, so adding wording to the report to let the users know that fact is not burdensome (7)</p> <p>Adding this requirement provides greater consistency of reporting between the various attest and assurance standards, as this requirement has recently been proposed in the ASB Proposed Statements on Auditing Standards, <i>Auditor Reporting and Proposed Amendments – Addressing Disclosures in the Audit of Financial Statements</i>. The inclusion of the proposed language is important because it stresses not only the practitioner’s independence but also highlights, for both users of the report and practitioners, the practitioner’s compliance with all the relevant ethical standards, which include, but are not limited to, integrity and objectivity (ET 1.100), general standards (ET 1.300) and compliance with standards (ET 1.310).(10 and 4)</p> <p>We believe adding the requirement for a statement in the practitioner’s report regarding independence aligns with the requirements of both ISAE 3000 and the proposed revisions to the reporting requirements in the ASB’s exposure draft. (21)</p> <p>...serves as a healthy reminder to practitioners of the importance of independence. However, we do not feel the inclusion of this statement is essential. (34)</p> <p>...</p>	<p>(Revised) requires that the measurer or preparer be identified in the report for transparency regarding how the practitioner was involved with the subject matter so that users may consider the practitioner’s objectivity (35)</p> <p>...we question the usefulness of, and have concerns with, certain aspects of the proposed statement on independence in the auditor’s report. We recommend that the ASB more closely align its proposed statement on independence in the practitioner’s report for examination and review engagements to the requirements of the Public Company Accounting Oversight Board (PCAOB). We believe these changes would help reduce unnecessary differences between the AICPA audit and attestation standards and those of the PCAOB. This consistency would ultimately benefits users of auditor/practitioner reports in the US, without introducing additional performance requirements. We also believe that any statements about independence included in a practitioners’ report prepared in accordance with AT-C 215 should include additional language that, at a minimum, alerts the reader to the differences in the independence requirements in an AUP engagement compared to the requirements applicable under attest examination and review engagements (22)</p>
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**Task Force Response to Comments**

The Task Force recommends that the practitioner should be required to add a statement to the practitioner’s report on an examination or a review engagement regarding the practitioner’s independence. The exact wording of the statement and whether it should conform with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits and Reviews of Historical Financial Information*, AU-C 700, *Forming an Opinion and Reporting on Financial Statements*, or the statement in a report issued under PCAOB standards may require further discussion.

**Request for Comment 2**  
**Requirement for the practitioner to request a written representation about whether a party other than the practitioner has measured or evaluated the subject matter against the criteria, and if so, the result of that measurement or evaluation.**

Comment Letter Numbers	Selected Excerpts from Comment Letters	Selected Excerpts from Comment Letters
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Support/Oppose	Supporting the Proposal	Opposing the Proposal
<p><b>Support:</b> 16 2, 3, 7, 8, 10, 11, 12, 16, 17, 22, 26, 29, 32, 33, 34, 37</p> <p><b>Oppose:</b> 3 13, 4, 14</p> <p><b>No Comment:</b> 20 1, 5, 6, 9, 15, 18, 19, 20, 21, 23, 24, 25, 27, 28, 30, 31, 35, 36, 38,39</p> <p><b>Total:</b> 39</p>	<p>We support the ASB's proposal to add a new requirement to request a written representation from the appropriate party (the engaging party or the responsible party, if they are different) indicating whether the subject matter has been measured or evaluated against the criteria. If the responsible party does not represent that it has measured or evaluated the subject matter against the criteria, we believe the practitioner should either withdraw from the engagement or, in the case of an examination, disclaim an opinion on the subject matter, similar to the corresponding requirements under the auditing standards (AU-C 580, paragraphs 25 and 26). (22)</p> <p>We believe adding such a requirement is appropriate and will work to improve quality by helping to avoid situations where there is miscommunication or an expectation gap between management and the practitioner. (34)</p>	<p>A-LIGN understands adding a requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria. However, for most examinations A-LIGN assists with, (A-LIGN does not perform limited assurance engagements) the responsible party will not have measured or evaluated the subject matter and therefore A-LIGN does not believe this proposed change would be a practical requirement in most examinations. Typically, the responsible party will not have the expertise to measure the subject matter against the criteria. (13)</p> <p>I disagree with the premise that the practitioner may be the only one to measure or evaluate the subject matter against the criteria in the attestation engagement. If the responsible party is unable to do so, the practitioner should not be able to perform the attestation engagement. attestation standards. ...While I understand the need to develop a service that was previously referred to as direct engagements, I don't think that such concept belongs melded into the attestation standards in the manner done in the exposure draft. (14)</p>

**Task Force Response to Comments**

The Task Force recommends that in an examination or review engagement the practitioner should be required to request a written representation from the responsible party about whether a party other than the practitioner has measured or evaluated the subject matter against the criteria, and if another party has measured or evaluated the subject matter, the result of that measurement or evaluation.

**Request for Comment 2**

**Guidance on expanding the content of the practitioner's report**

Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<p><b>Support:</b> 29 2, 3, 4, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 19, 21, 22,</p>	<p>We agree with the acknowledgement that the practitioner has the ability to add information to the practitioners' report that goes beyond the minimum report elements required by AT-C sections 205 and 210. We note that such practice was not</p>	

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<p>25, 26, 27, 28, 29, 30, 31, 33, 34, 35, 36, 37, 39,</p> <p><b>No Comment:</b>        <b><u>10</u></b></p> <p>1, 5, 6, 9, 18, 20, 23, 24, 32, 38</p> <p><b>Total:</b>                <b><u>39</u></b></p>	<p>precluded in the current standards and do not believe this acknowledgement will lead to a significant change in practice. We believe that the guidance provided in paragraph.A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210 is sufficient. (NJCPA)</p> <p>We strongly support the application guidance to AT-C sections 205 and 210 to indicate a practitioner’s discretion when issuing a report with only minimum requirements or a report that supplements such elements. The modifications to section 205.A81 and section 210.A68 more closely align the written rule with actual tendencies performed when reporting on examination and limited review engagements in real life. This convergence will help guide practitioners when disclosing information they deem important to mention, yet are not intended to detract from their conclusion. This modification also improves consistency with ISAE 3000 and will aid in their ultimate convergence (17)</p>	
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**Task Force Response to Comments**

The Task Force recommends that paragraph A81 of AT-C section 205 and paragraph .A68 of AT-C section 210 should be retained in the proposed SSAE to provide guidance on expanding the content of the practitioner’s report and to confirm that doing so is permissible.

<b>Request for Comment 2</b>		
<b>Requirement for the practitioner to determine whether the responsible party has a reasonable basis for its assertion</b>		
<b>Comment Letter Numbers Support/Oppose</b>	<b>Selected Excerpts from Comment Letters Supporting the Proposal</b>	<b>Selected Excerpts from Comment Letters Opposing the Proposal</b>
<p><b>Support:</b>            <b>24</b></p> <p>2, 4, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19, 21, 22, 26, 27, 28, 29, 31, 32, 33, 34, 35, 37</p> <p><b>Oppose:</b>            <b>1</b></p> <p>3</p> <p><b>No Comment:</b>       <b><u>14</u></b></p>	<p>We do not object to this requirement. However, additional guidance would be helpful to assist practitioners in making this judgment. For example, the guidance could address the practitioner’s consideration of the knowledge obtained during current and previous engagements, the responsible party’s competence in the subject matter, and the notion in proposed AT-C 205.10 that the nature, timing, and extent of the practitioner’s procedures may be affected by the extent to which the responsible party has measured or evaluated the subject matter against the criteria. (26)</p>	<p>The requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion places all of the burden on the practitioner. The practitioner may be unable to determine whether the responsible party has a reasonable basis for the assertion. (NJCPA)</p>

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<p>1, 5, 6, 9, 15, 18, 20, 23, 24, 25, 30, 36, 38,39</p> <p><b>Total:</b> <u><b>39</b></u></p>	<p>The Committees agree with this proposed change. Most practitioners already make an informal assessment of the reasonableness of management's assertions. The Committee believes this change formalizes this consideration and further documents that this consideration has been given. The Committee believes that implementation would not pose any significant challenges. (33)</p> <p>... we support the proposed requirement and related application material for the practitioner to use professional judgment to determine whether management has a reasonable basis for its assertion. However, we believe additional clarity should be provided for the circumstance where the practitioner concludes that management does not have a reasonable basis for its assertion. We recognize that the proposed SSAE provides reporting options for various circumstances, but we believe additional clarity would assist practitioners in consistent evaluation. (29)</p>	
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**Task Force Response to Comments**

The Task Force recommends that in an examination or review engagement, when reporting on the assertion, the practitioner should be required to determine whether the responsible party has a reasonable basis for its assertion.

**Request for Comment 3**

**Eliminating the required report modification when the practitioner is unable to obtain one or more representations**

Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<p><b>Support:</b> <b>23</b> 2, 3, 4, 6, 7, 8, 12, 14, 15, 16, 17, 18, 19, 21, 25, 26, 27,29, 30, 31, 33, 37, 39</p> <p><b>Oppose:</b> <b>7</b> 11, 13, 22, 23, 33, 35, 34</p> <p><b>Mixed Views:</b> <b>1</b></p>	<p>When a client representation is requested, but none is forthcoming, we believe the effect on the engagement and the practitioners' report should be dependent on whether the engaging and/or responsible party has the knowledge or the ability to provide such representations. We would support a provision enabling a practitioner to use professional judgment to evaluate the sufficiency and reliability of evidence supporting matters significant to the responsible party's assertion but only when, for a credible reason, the responsible party is unable to make a requested representation. (19) <b>See continuation of this</b></p>	<p>But when it appears that the responsible party is able but merely chooses not to make the requested representation, we believe that should be treated ordinarily as a scope limitation and call for a disclaimer of assurance and consideration of other issues (such as client integrity and acceptance or retention). In such circumstances, we are adamantly opposed to relying solely upon available evidence when the responsible party refused to provide an appropriate written representation. We believe, in fact, that in addition to a report modification in such circumstances, the final standard should suggest</p>

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<p>10</p> <p><b>No Comment:</b> 1, 5, 9, 20, 24, 28,36, 39</p> <p><b>Total:</b></p>	<p style="text-align: right;"><b><u>8</u></b></p> <p style="text-align: right;"><b><u>39</u></b></p>	<p><b>comment in the column containing opposing views.</b></p> <p>ORBA understands that the proposed elimination of the required report modification which would result from the practitioner’s inability to obtain one or more requested written representations is, primarily, a practice issue. Under the extant standards, if the practitioner is unable to obtain representations from the responsible party, he or she is required disclaim his or her opinion by citing a scope limitation. Under the proposed standard, the practitioner would be able to determine, based on professional judgment, whether sufficient, appropriate evidence had been obtained about the matter. If the practitioner concluded that sufficient, appropriate evidence had been obtained, then, under the proposed standard, the representation would, effectively, be a confirmation of information the practitioner had already obtained through the performance of his or her procedures. Accordingly, ORBA concurs with the ASB that failure to achieve such a confirmation through the representation letter would not be a scope limitation for which the opinion should be disclaimed. (4)</p> <p>The Committee agrees with eliminating the required report modification resulting from the practitioner’s inability to obtain one or more requested written representations. By allowing the practitioner to use his/her professional judgment in determining whether sufficient appropriate evidence about the matter addressed by that representation has been obtained through performance of other procedures, and in determining the possible effect on the opinion in the practitioner’s report, we believe the goal to achieve consistency with AU-C section 580, <i>Written Representations</i>, when the engaging party and the responsible party are the same, as well as the objective of reaching convergence with ISAE 3000 when the engaging party and the responsible party are different parties, have been met. We ultimately believe that the proposed changes are understandable and the application guidance is helpful in applying the new proposed requirements. (37)</p>	<p>consideration of withdrawing from the engagement if the matter cannot be resolved satisfactorily. (19)</p> <p>When SSAE No. 18 was exposed, we expressed our view that written representations are foundational to assurance engagements. We do not support eliminating the requirement to modify the report when one or more requested written representations are not obtained irrespective of whether there is a corresponding identification of which representations are of specific significance. We recommend that the Board consider a requirement similar to AU-C section 580, <i>Written Representations</i>, in that specific representations, if not obtained, should continue to result in a report modification or withdrawal from the engagement. (35)</p> <p>We respectfully ask the ASB to clarify its intent with the proposed revisions of paragraph .54 of extant AT-C 205. The ED indicates the elimination of the required report modification resulting from the practitioner’s inability to obtain one or more requested written representations is consistent with AU-C section 580, <i>Written Representations</i>, when the engaging party and responsible party are different parties. We are not sure the proposed revision of AT-C 205 is truly consistent with AU-C 580 as AU-C 580.A34 speaks to management not providing certain written representations and that the auditor may conclude that a qualified opinion is appropriate, not that an unmodified opinion may be appropriate. We understand the broad nature of AT-C 205 engagements particularly when the responsible party is not the same as the engaging party, and that the responsible party may not be willing to provide written representations. For example, the responsible party may be willing to provide oral, but not written, representations. However, we feel that not receiving required written representations, even if provided orally, is significant negative evidence that we have difficulty understanding why a practitioner would be allowed to still issue an unmodified opinion. As such, we believe that not</p>
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		<p>obtaining all required written representations should preclude an unmodified opinion. (34)</p> <p>Per the revised standard, if a practitioner determines that the contents of a management representation letter or management assertion can be verified by the practitioner without the signed documents, the practitioner is allowed to issue an unmodified opinion. A-LIGN believes it is unlikely this change will be utilized frequently, as fraud related assertions and other matters for which it is not possible to apply tests of controls are sometimes included in representation letters. (13)</p>
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**Task Force Response to Comments**

The Task Force recommends that the requirements in AT-C section 205, *Examination Engagements*, and AT-C section 210, *Limited Assurance Engagements*, regarding representations should be aligned with the requirements in AU-C section 580, *Written Representations*. Accordingly, if the practitioner is unable to obtain a representation from the responsible party regarding its responsibility for the subject matter, the practitioner should withdraw from the engagement or disclaim an opinion. The Task Force also concluded that the requested representation would state that the responsible party is responsible for the subject matter (rather than the responsible party is responsible for the subject matter in accordance with (or based on) the criteria). If the practitioner is unable to obtain other requested representations, the practitioner should use professional judgment in determining the effect on the opinion, if any.

**Proposed Changes That Affect Only Review Engagements**

Request for Comment 4 Change in terminology from <i>review</i> to “ <i>limited assurance engagement</i> ”		
Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<p><b>Support:</b> 17 2, 3, 4, 7, 8, 10, 12, 16, 17, 21, 22, 25, 29, 30, 33, 34, 37</p> <p><b>Unnecessary but no objection:</b> 1 14</p>	<p>We do not oppose changing the term ‘review engagement’ to ‘limited assurance engagement’. However, we are concerned by Section 105, paragraph .A9, which allows reference to the engagement as a review. We believe the Board should either embrace the new term or revert to the existing term. Referencing pre-existing terminology that is no longer applicable as an acceptable replacement may create confusion. If the AICPA chooses to continue to allow this, then it should</p>	<p>While we understand the intent for proposing that the term ‘review engagement’ be changed to ‘limited assurance engagement,’ to help differentiate review engagements performed under AR-C section 90 and AU-C section 930. We feel that the change will also likely create confusion for users and/or engaging parties that use or are familiar with various other standards when those standards use the term ‘review engagement.’ For example, the term ‘review engagement’ is being using in other standards</p>

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<p><b>Oppose:</b> 11, 18, 19 23, 36, 38</p> <p><b>No Comment:</b> 1, 5, 6, 9, 13, 15, 20, 24, 26, 27, 28, 31, 32, 35, 39</p> <p><b>Total:</b></p>	<p><b>6</b></p> <p><b><u>15</u></b></p> <p><b>39</b></p>	<p>clarify in what circumstances a practitioner may use the term review. For example, can this term be used in the report instead of using the phrase “limited assurance engagement?” (2)</p> <p>The Group agrees with the proposed change of the term from <i>review engagement</i> to <i>limited assurance engagement</i> to differentiate engagements performed under AR-C section 90 and AU-C section 930 from those performed under the attestation standards. This distinction is consistent with the use of <i>examination engagement</i> versus <i>audit engagement</i>. However, in paragraph .A9 of section 105, we believe the first sentence “A limited assurance engagement performed in accordance with the attestation standards may be referred to as a “review” should be removed as it adds confusion to the concept of differentiating the engagement types. (3)</p> <p>We are concerned with the language in AT-C 105.A9 that allows a limited assurance engagement to be referred to as a <i>review</i>. We believe the Board should either embrace the new term or revert to the existing term. Referencing pre-existing terminology that is no longer applicable as an acceptable replacement will create confusion. If the AICPA chooses to continue to allow this, then it should clarify in what circumstances a practitioner may use the term <i>review</i>. For example, can <i>review</i> be used in the report instead of <i>limited assurance engagement</i>? (16)</p> <p>We don’t object to the ASB’s proposal to change the term “review engagement” to “limited assurance engagement.” We believe that this change can add additional clarity because the term “review” is used for a number of other engagement types (e.g., reviews of historical financial information under AR-C 90, <i>Review of Financial Statements</i>; reviews of interim financial information under AU-C 930, <i>Interim Financial Information</i>), which could create confusion about what is included in a review engagement. (22)</p>	<p>such as the U.S. Government Accountability Office’s <i>Government Auditing Standards</i> 2018 revision as currently defined by the AICPA. (18)</p> <p>D&amp;T does not agree with the change in terminology from “review engagement” to “limited assurance engagement,” as we believe this will cause confusion and inconsistent application in practice, especially considering the amendment to the definition wording. (23)</p> <p>We do not believe it is necessary to change the terminology used in SSAE 18 to align with ISAE 3000 (Revised). In particular, we are concerned that changing reference within the clarified AT-Cs from a “review” to a “limited assurance engagement” without changing reference from an examination to a “reasonable assurance engagement” will create confusion in the marketplace for both users and practitioners. Changing the terminology would not likely benefit practitioners or users, as other than sustainability engagements, an attest review engagement is not common in the US. Additionally, the limited assurance service continues to be similar to a “review” within the ASB’s Statements on Standards for Auditing Services and the Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee. (26)</p> <p>The committee had significant discussion about the potential for market confusion over replacing the term ‘review’ with ‘limited assurance’, due to the term ‘assurance’ being associated with an audit. The committee felt more consideration may be needed to align the terminology with current understanding in the marketplace of the term assurance. (32)</p> <p>The term review engagement is widely recognized and is used consistently in other professional standards such as PCAOB AS 4105, <i>Reviews of Interim Financial Information</i>, AICPA AU-C section 930, <i>Interim Financial Information</i>, and AICPA AR section 90, <i>Review of Financial Statements</i>, where the objective is to identify whether any material modifications should be made to the</p>
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		subject matter of the review. Without a corresponding change across all AICPA standards, users could be confused or presume that there is a difference between a limited assurance engagement and an AU-C interim review or an AR review, when they have similar objectives and levels of assurance. (35)
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**Task Force Response to Comments**

The Task Force believes that while more commenters expressed support for the name change, most respondents were indifferent. The Task Force does not have a strong preference to either using the term “limited assurance engagement” or retaining the term “review.”

See Issue 8 in Agenda Item 4 for complete summary of Task Force consideration.

**Request for Comment 4**  
**Inclusion in the practitioner’s limited assurance report of a description of the procedures performed**

Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<p><b>Support:</b>            <b>22</b> 2, 4, 7, 8, 10, 12, 15, 17, 21, 22, 23, 25, 27, 29, 30, 31, 33, 34, 35, 36, 37, 39</p> <p><b>Oppose:</b>            <b>3</b> 11, 19, 26</p> <p><b>No Comment:</b>    <b>14</b> 1, 3, 5, 6, 9, 13, 14, 16, 18, 20, 24, 28, 32, 38</p> <p><b>Total:</b>                <b>39</b></p>	<p>The benefits of requiring the practitioner to include a description of the procedures performed increase the reliability of the information. (15)</p> <p>A potential benefit of including a description of the procedures performed in a limited assurance engagement is that users will obtain a clearer understanding of the work that was performed. However, a potential implication may be that the users may misinterpret the procedures and assume the procedures covered more and thus provide assurance beyond the actual procedures the practitioner performed. (16)</p> <p>We also believe that requiring a practitioner to include a description of the procedures performed in a limited assurance engagement may help users to better understand the nature and extent of the evidence obtained. (22)</p>	<p>The main benefit to be obtained by including a description of procedures performed is that there would be a clear understanding of what was done during the engagement. However, readers of the report may second guess the practitioner and question why other steps were not performed. This might lead to increased liability risk. We suggest that the description of procedures should only be included if there was a specific reason for the procedure and not a good idea for general use reports. (11)</p> <p>Greater clarity in the report may help to give the practitioner’s report additional context when compared with a report on an examination engagement. (26)</p>

**Task Force Response to Comments**

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The Task Force interprets the comments received as favoring increased transparency – however, the support for the proposed requirement has been classified as lukewarm. The Task Force continues to support the proposed reporting requirement.

Request for Comment 4 Enabling the practitioner to express an adverse conclusion in a limited assurance report		
Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<p><b>Support:</b> 22 2, 4, 8, 10, 12, 14, 15, 16, 17, 19, 21, 25, 26, 27, 29, 30, 31, 32, 34, 35, 37, 39</p> <p><b>Oppose:</b> 5 7, 11, 22, 33, 36</p> <p><b>No Comment:</b> 12 1, 3, 5, 6, 9, 13, 18, 20, 23, 24, 28, 38</p> <p><b>Total:</b> 39</p>	<p>We recognize that there is a long tradition which precludes a practitioner from issuing an adverse review conclusion. However, we also recognize that in both SSARS reviews and limited assurance engagements circumstances may exist where material and pervasive misstatements exist that management is unable or unwilling to correct. The practitioner's withdrawal from the engagement in such circumstances does not serve the public interest. From a practical stand-point, if a practitioner withdraws because of the existence of a material and pervasive misstatement in the subject matter, the engaging party will shop the engagement around until an accountant is found who will issue an unmodified report or a report that is qualified only for the material misstatement. Certainly, this is not a view of our profession that we like to discuss openly, but it is the reality of our profession whether or not we like to admit it. Accordingly, ORBA is firm in its support of the inclusion of the adverse conclusion option in those circumstances where a material and pervasive misstatement in the subject matter exists. The availability of the option to issue an adverse opinion is in the best interest of the public. (4) (10 is almost verbatim)</p> <p>While I believe it is acceptable to express an adverse conclusion in a limited assurance engagement, the report language will be key to appropriately communicating that there could be other material misstatements that have not been detected by the limited assurance engagement. Accordingly, I believe that the guidance needs to be expanded to address that point and that the practitioner's report needs to clearly articulate that there could be other material misstatements that might not be detected in the limited assurance engagement. (14)</p>	<p>We do not believe there is value in issuing a report indicating that the subject matter is both materially and pervasively misstated. The misstated subject matter should not be issued to anyone. (7)</p> <p>We do not believe that an adverse conclusion is appropriate in these types of engagements because assessing whether a qualification is pervasive isn't consistent with the scope of a limited assurance engagement. We also believe that permitting such conclusions under the attestation standards would create a significant difference from what's currently permitted under AU-C 930 (the auditing standards' equivalent of AT-C 210). We see no reason for creating this difference when both standards are intended to provide a similar level of assurance. (22)</p>

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The Committee was unable to identify any arguments for why, in an engagement where the practitioner was engaged directly by the responsible party (i.e., management), the engaging party would want to receive a report with an adverse conclusion.

The Committee noted potential exceptions to its views expressed above. For example, an exception may be a situation where: 1) the engaging party is different than the responsible party; or 2) the engaging party intends to use the limited assurance report to fulfill a reporting requirement imposed by a third party, laws or regulations. In such situations, a report containing an adverse conclusion could be appropriate.

Additionally, should the standard be issued, the Committee believes that the standard should allow the option to withdraw from the engagement when material misstatements exist. (15)

We are supportive of allowing an adverse conclusion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter. However, we believe the ability to report in this manner should be precluded until and only if the Accounting and Review Services Committee concludes it will be permitted for traditional review engagements. We believe the reporting for reviews should be the same under the Statements on Standards for Accounting and Review Services and the attestation standards. (21)

Although we do not believe it is necessary to change AT-C section 210, we do not object to the changes to existing requirements to allow some flexibility based on the practitioner's judgment. However, we believe there are potentially circumstances in which the practitioner should withdraw rather than issue an adverse conclusion in an AT-C section 210 engagement. (26)

We believe the concept of an adverse conclusion is appropriate in a limited assurance engagement. By being

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	<p>consistent with ISAE 3000, such would help to limit dual-reporting issues for those reporting under the SSAE and ISAE 3000, whereas under extant SSAEs, an adverse conclusion is not permitted. Fundamentally, the introduction of the adverse conclusion concept could help drive quality and assist users by possibly improving the users' level of understanding. (34)</p>	
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**Task Force Response to Comments**

The Task Force noted that while there was strong support expressed for the proposed revision which would enable the practitioner to express an adverse review conclusion, there was opposition from certain commenters who were concerned that the proposal would result in inconsistency between an attestation review and a review in accordance with AU-C section 930. The Task Force is aware that the ARSC is proposing to permit the expression of an adverse review conclusion in a SSARs review and that ISAE 3000 (Revised) permits such a conclusion. The Task Force continues to support the proposed reporting option.

See Issue 10 in Agenda Item 4 for complete summary of Task Force consideration.

**Proposed Changes That Affect Only Agreed-Upon Procedures Engagements**

Request for Comment 5 Expanding the practitioner's ability to perform a procedures and findings service		
Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<p><b>Support:</b>                    <b>28</b> 2, 4, 6, 7, 8, 9, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39</p> <p><b>Oppose:</b>                    <b>6</b> 3, 5, 13, 14, 15, 19</p> <p><b>No Comment:</b>            <b>5</b> 1, 10, 11, 12, 18</p> <p><b>Total:</b>                    <b><u>39</u></b></p>	<p>Although the restrictive nature of the extant agreed-upon procedures (AUP) guidance may not fit the needs of all parties, it does fit the needs of some. We believe that certain clients will welcome a new type of selected procedures engagement, one that allows some flexibility as to who can develop the procedures and to whom the report can be distributed. However, due to the long history of AUP engagements and the expectations of clients and users, we are not in favor of altering the current AUP guidance; we prefer the ASB issue a separate selected procedures attestation standard. (7)</p> <p>We believe this type of engagement represents an opportunity for CPAs to provide services that currently are not available, given the existing guidance in AT-C section 215, which, among other requirements, dictates that all of the specified parties determine the procedures they believe to be appropriate to be applied by the practitioner. We are pleased</p>	<p>The Group does not believe that the proposed expansion of the practitioner's ability to perform procedures and report in a procedures-and-findings format beyond that provided by AT-C section 215 is needed and in the public interest. We believe that the AUP standards that are currently in place are well understood and respected in the marketplace, and that the significant changes contemplated by this Exposure Draft will only serve to create confusion and misunderstanding of the practitioners' reports under these standards. If the Board believes that there is a demand for additional services, such services should be in addition to the AUP standards, leaving the AUP standards substantially intact as written and understood by stakeholders. (3)</p> <p>The committee believes the proposal is lacking in many areas. The structure and syntax of the proposal is cumbersome and could confuse both the client and CPAs, resulting in potential misapplication or inconsistencies in application. The range of</p>

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to see these situations being addressed through proposed revisions to the existing guidance in AT-C section 215, rather than by adding a new standard.

We believe the proposed expansion of the practitioner's ability to perform procedures and report in a procedures-and-findings format beyond that currently provided by AT-C section 215 is a positive change that is needed and is in the public interest. Also, permitting general use reports provides needed flexibility. (8)

We believe the expansion is needed and in the public interest. State audit organizations often encounter state laws focused on answering both general and specific questions. The purpose and objective may be known or clear, but the law does not specify which standards to follow or procedures to perform. Further, these laws do not typically require the subject entity establish or agree to the procedures to be performed. The information requests these laws pose can be related to financial transactions, financial balances, compliance with laws or contracts whether financial-related or not, and internal control whether financial related or not. Using an approach prescribed in this proposed expansion would allow more flexibility to provide exactly what the legislators are requesting.

However, we continue to believe the proposed expansion should be a stand-alone AT-C section. SSAE No. 18's separation of the requirements for examinations, reviews, and agreed-upon procedures engagements was a significant improvement of clarifying the attestation standards, making it easier for a practitioner to know what requirements apply to the specific engagement the practitioner is performing. The proposed changes eliminate that clarity for agreed-upon procedures engagements. Further, it is misleading to call the proposed expansion agreed-upon procedures engagements when no party agreed to the sufficiency of the procedures the practitioner performed. (16)

We concur that **some** of the proposed expansions of the practitioner's ability to perform procedures and report in a procedures-and-findings format beyond that provided by AT-

topics included appear dense and could be broken up into future proposals for review. The proposal features many elements from previous efforts that were not approved. It is unclear why the ASB would move forward to expose new guidance that was previously pursued by another standard-setter; specifically, the Accounting and Review Services Committee Proposed Statement on Standards for Attestation Engagements – *Selected Procedures*. Our committee responded to the exposure document and had numerous concerns related to material areas, such as ethics and independence, no one assuming responsibility for the subject matter, potential for confusion by regulatory and oversight agencies which are relying on current agreed upon procedures reports, and the potential for manipulation, misuse, and practitioner liability resulting from removing the requirement to restrict the use of all agreed-upon procedures reports to the specified parties that assume responsibility for the sufficiency of the procedures, etc. These comments remain valid for this exposure document as well.

The committee also finds the amount of dissent to the proposal to be concerning. Many valid points have been brought up that should be taken into consideration. Ultimately, the committee is unclear as to why this standard is needed since CPAs are permitted the flexibility that appears to be the genesis for this exposure document through the use of the consulting standards. (5)

While there may be some need for added flexibility in AUP engagements (specifically in situations when the engaging party or specified parties lack willingness to develop specific procedures to be performed by practitioner), the volume of proposed changes goes beyond what is needed to achieve the objective and may not be in the public interest. The Committee is concerned with the following:

- i. Understandability of the proposed changes – Currently, AUP engagements are well understood and have a long-standing reputation for being a robust and cost-effective solution for the public. The volume of changes, need for professional judgment, and certain other nuances contained in the proposed standards may: 1)

C section 215 is needed and in public interest. For example, now that a practitioner's responsibilities may include recommending, developing, or assisting the procedures performed, the time efficiency as well as the quality of the engagement shall improve significantly due to the fact that all parties having expertise can participate in selecting appropriate procedures. However, we believe that some of the proposed expansions may have to be documented in the practitioner's report for consistency and complete disclosure. For instance, if a practitioner is also "engaged, as a separate service, to assist the responsible party in **measuring or evaluating the subject matter against the criteria**" (AT-C 215 .A8), although the "responsible party is required to accept responsibility for the subject matter in accordance with the criteria" (AT-C 215 .A9), this should be specified in the practitioner's report. An additional provision may be required in the reporting requirements section of the AT-C 215 on how to disclose in the practitioner's report additional services that the practitioner is asked to perform under the terms of the same engagement. (17)

We support the AICPA's proposal to expand the practitioner's ability to develop and perform procedures and issue a general-use report in a procedures-and-findings format beyond what's provided by AT-C 215 today because we believe it would provide more opportunities for companies to enhance the value of reports they provide to customers, employees, suppliers and other stakeholders. We believe that with appropriate safeguards for users, creating a new standard (i.e., a selected procedures engagement), as the ASB proposed in 2017, would be in the public's interest and could expand the value a certified public accountant (CPA) brings to the market.

We also believe there is significant market demand for this type of service. Today, when all of the conditions of an AUP engagement are not able to be met, companies often engage a provider who is not a CPA to perform the service, or they engage the CPA to perform another type of service (e.g., a consulting engagement that restricts the use of the report to the engaging party, an examination engagement that is more extensive and costly). However, we believe any final standard

result in confusion among practitioners and between practitioners and users; 2) result in unnecessary costs; and 3) pose unforeseen additional risks (e.g., litigation risk). For example:

1. The proposed standard changes certain definitions related to the nature of the AUP engagements and roles of all parties involved, which as discussed above, may lead to confusion and misunderstandings.
2. The proposed standard introduces a new concept/expression of "appropriateness of procedures", which may be incorrectly interpreted by users and/or practitioners to represent a higher level of performance standard than "sufficient procedures", while at the same time, contemplates situations in which the practitioner may still refer to the "sufficiency of procedures" (see paragraphs A.15, A.49 and A.69 – Example 3). This may result in confusion among practitioners and inconsistencies in reporting, as the standard is not clear as to circumstances in which each expression should be used or avoided.
3. The proposed changes do not advance the standards towards reducing the risk that the engaging party and, if applicable, other parties misunderstand or otherwise inappropriately use findings reported by practitioner.

- ii. Independence – the proposed standard does not address what changes would be needed to ET 1.297.020 to align both standards and to protect practitioners' reputation and appearance of independence. (15)

We view the proposed expansion of the scope of available services embedded in the proposed revisions to AT-C section 215 to be motivated largely by a desire for practitioner revenue enhancement rather than to serve any legitimate and discernable market demand or public interest, which is

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issued by the AICPA should include additional reporting requirements and application guidance to provide needed information to report users. For example, additional disclosure should be required:

- ▶ When the responsible party is unwilling to represent in writing that it is responsible for the subject matter in accordance with the specified criteria
- ▶ When specified parties do not agree to the procedures described in the practitioner’s report and the subject matter relates to a contract or regulation
- ▶ When the responsible party has not performed its own evaluation or measurement of the subject matter in accordance with the specified criteria. (22)

Rather than move forward with the current draft, we believe the ASB should agree on the primary objectives it is intending to address and make minimal updates to the current standard to address those objectives. This approach involves developing a framework that deals with the practical challenges in AUP engagements that have been identified, and allows for some flexibility for matters such as when only the engaging party acknowledges the procedures are appropriate and the consideration of a general use report. Key elements of this framework should include:

- The engaging party must agree to the procedures performed and acknowledge they are appropriate in the context of the business purpose of the engagement. While this moves away from the premise that all parties to the engagement (i.e., the specified parties) agree upon and are responsible for the *sufficiency* of the procedures for their purposes, it is essential that the concept of agreement be maintained.
- In agreeing to the terms of engagement, the engaging party and the practitioner determine whether, based on the purpose of the engagement, any other parties should be asked to acknowledge the procedures. The

inconsistent with and unsupported by our body of experience and observations. Perhaps this belief in “market demand” would better be characterized as a belief in the popular expression that “if we build it, they will come.”

We are particularly apprehensive that the so-called “flexibility” sought and to be afforded by these changes that would result from alleviating the protective safeguards and constraints on the performance of agreed-upon procedures engagements that are embedded in the extant standard (i.e., the requirements (1) to obtain user acceptance of responsibility for the adequacy of the procedures for their purposes, (2) to obtain a written assertion from the responsible party, and (3) to place a restriction on distribution of the report to such users) may likely lead to a proliferation of requests for CPA attestations to unsupported or virtually unsupported marketing claims of clients that would be dangerously cited or distributed for public reliance and be misleading to users in many ways.

We support the view of some commentators to the earlier ARSC proposal who have suggested that the extant standards for consulting engagements would easily meet the objectives of the proposed selected procedures engagement. If a CPA’s service and related report is not intended to lend credibility to an assertion of a responsible party (other than the practitioner), the engagement is not, and should not be characterized as, an attest service but rather should be conducted under the extant consulting standards. To those who would counter that the consulting standards are not sufficiently robust to assure the desired level of professional quality, we would respond by recommending that those standards be strengthened rather than adopting the current Proposal.

A summary of additional comments not mentioned above that were made by our Firm in response to the earlier ARSC proposal in our November 31, 2017, letter that continue to apply to the current Proposal follows:

- Inclusion of services such as these among the assortment of attest products available from CPAs “will serve to diminish the overall image of CPAs and value assigned by society to their work in general,”

	<p>application material can include considerations as to when it may be more common to obtain agreement from all intended users. The practitioner should continue to be the one to obtain that agreement (retaining the extant guidance on how the practitioner might do that - for example, because it is written in a regulation or contract, or obtained in another written or oral form). This approach allows for flexibility by enabling the practitioner to exercise judgment based on the facts and circumstances of the engagement while preserving the intent of the existing standards.</p> <ul style="list-style-type: none"> <li>• The practitioner determines whether or not the report should be restricted. We prefer the standard retain the presumption that the AUP report is restricted, but support allowing flexibility if, in the practitioner’s judgment, a wider distribution and use of the report would be appropriate. For example, we believe some entities, such as issuers of securitizations, would have concerns about making reports intended to be used in a private transaction more widely available. In such circumstances, the engaging party may request, or the practitioner may decide, to restrict the report, in light of the purpose of the engagement and potential concerns that the nature of the engagement may be misunderstood. However, leaving decisions about restriction of use up to practitioner judgment rather than explicitly requiring it in the standard may lead to inconsistency or have other unintended consequences to engaging parties and others.</li> <li>• The report is transparent about the facts and circumstances of the engagement, including disclosing which parties have agreed the procedures are appropriate in light of the purpose of the engagement. The report should also clearly indicate that the practitioner does not take responsibility for the sufficiency (or appropriateness) of the procedures to meet the objectives of the engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• The Proposal is “conspicuously devoid of any persuasive language to support the explicit assertion that there is either a need or demand for such an expansion of a practitioner’s available work product, or that any report consistent with the Proposal would in any meaningful way serve a public interest,</li> <li>• Having the engaging party merely acknowledge its awareness of the selected procedures, without accepting responsibility, would be “meaningless and, therefore, of no value” and that “articulating the absence of such responsibility: and “objectionable to both the engaging party and the users of the CPA’s report.”</li> </ul> <p><b>Dissenting Views of Board Members:</b></p> <p>We fully support views expressed by four of the five dissenting Board members (<i>i.e.</i>, Brodish, Burzenski, Cascio, and Kassman) principally in relation to proposed changes in AT-C section 215. (19)</p>
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We believe this is best achieved by making limited changes to current AT-C section 215 versus drafting additional updates to the proposed SSAE. (26)

DHG is supportive of the ASB's efforts in advancing the attestation standards to provide more flexibility to practitioners in meeting new market demands, particularly as it relates to amending AT-C Section 215, "*Agreed-Upon Procedures*" (AT-C 215) to allow for flexibility in the development of procedures and general use reports, while requiring the restriction of an agreed-upon procedures (AUP) report in certain circumstances. We believe there is a need for a service that allows for the performance of procedures and reporting of findings in a report that is general use and, consequently, does not specifically require the agreement of all users to the procedures. However, we do have concerns about the potential unintended consequences some of the proposed amendments could have on users' understanding of the attestation services offerings, in particular, understanding of the services and procedures performed under an AUP engagement, and what evidence was obtained to support the procedures and findings included in these reports. (28)

We support the development of attestation standards to meet current and potential market demands, with the objective of enhancing the communicative value of attestation reports to users. However, we continue to believe that an engagement performed in accordance with AT-C Section 215, *Agreed-Upon Procedures Engagements* (AT-C Section 215), should require (1) the engaging party or other party to take responsibility for the sufficiency of the procedures, (2) the responsible party to take responsibility for the assertions related to the engagement, and (3) the report to provide for a restriction on use. The removal of these requirements from the traditional assertion-based agreed-upon procedures engagement has the potential to increase attestation risk for practitioners and increase, rather than decrease, the expectation gap. (29)

Overall, the committee supports modernizing AT-C section 215 to align with current acceptable practices, including greater flexibility for general-use reports and for the practitioner to be involved in designing procedures. However, given current

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	<p>marketplace understanding and acceptance of agreed-upon procedures report purposes and limitations, the committee is concerned regarding unintended consequences of the proposed language and that current protections for the practitioner not be eliminated. (32)</p> <p>We support the increased flexibility of the Proposed Standard to reflect certain practices that are already occurring, however more flexibility often leads to more risk. We are also concerned that there may be potential misunderstandings in the marketplace over the difference between acknowledging the “appropriateness” of procedures versus taking responsibility for the sufficiency of the procedures, which has been well understood under the current standard. We believe the Proposed Standard should retain the requirement that the engaging party take responsibility for the procedures. (38)</p>	
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**Task Force Response to Comments**

The Task Force noted that there is broad support for providing increased flexibility in the performance of a procedures-and-findings service beyond that currently provided by extant AT-C section 215. However, several commenters expressed concern that the proposed increased flexibility inappropriately changes the nature of an agreed-upon procedures engagement. Those commenters would prefer a separate selected procedures service. The Task Force continues to support the increased flexibility within an agreed-upon procedures service.

See Issue 5 in Agenda Item 4 for complete summary of Task Force consideration and revised proposals as to how such flexibility can be accomplished while retaining the nature of the agreed-upon procedures service.

Request for Comment 5		
Does the proposed expansion provide appropriate flexibility while retaining the ability to perform a “traditional” AUP engagement?		
Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<b>Support:</b> 12 8, 11, 17, 21, 24, 27, 30, 31, 32, 34, 35, 39	In providing this increased flexibility, we believe the AICPA should provide educational materials that practitioners can use to help the marketplace understand the changes after they are finalized. (8)	The proposed standards weaken the standards that currently exist under AT-C section 215 by allowing the practitioner to take responsibility for the sufficiency of the procedures, by not requiring written assertions for the responsible party, by not requiring a limitation on the use of the practitioners’ report, and by moving some of the current requirements to application guidance. We view the
<b>Oppose:</b> 14 3, 5, 7, 13, 14, 15,	We did have one group note that while the proposed changes add flexibility in performing AUP, the proposed amendments are	



**Task Force Response to Comments**

See Issue 5 in Agenda Item 4 for complete summary of Task Force consideration.

Request for Comment 5 Proposal to replace the specified parties' responsibility for sufficiency of procedures with engaging party's acknowledging appropriateness of procedures		
Comment Letter Numbers Support/Oppose	Selected Excerpts From Comment Letters Supporting the Proposal	Selected Excerpts From Comment Letters Opposing the Proposal
<p><b>Support:</b> 18 2, 4, 7, 8, 13, 16, 22, 23, 24, 25, 26, 27, 28, 30, 31, 34, 35, 39</p> <p><b>Oppose:</b> 11 3, 5, 11, 14, 15, 19, 21, 29, 32, 33, 37</p> <p><b>No Comment:</b> 10 1, 6, 9, 10, 12, 17, 18, 20, 36, 38</p> <p><b>Total:</b> 39</p>	<p>The practitioner, should not be drawing an opinion of whether or not the procedures were sufficient in a findings based report. (13)</p> <p>We do not believe the proposed expansion should be incorporated into AT-C section 215. Accordingly, engagements under AT-C section 215 should continue to require the engaging party to agree to the procedures the practitioner is to perform. However, for the proposed expanded service, we agree with the proposal that no party would be required to accept responsibility for the procedures sufficiency and, instead, the practitioner would be required to obtain the engaging party's acknowledgment that the procedures performed are appropriate for the engagement's intended purpose. (16)</p> <p>We support the ASB's proposal to require the practitioner to obtain an acknowledgment from the engaging party that the procedures performed are appropriate for the intended purpose of the engagement. We believe this represents a reasonable substitute for the current guidance in AT-C 215.11 that requires the parties specified in the practitioner's report to accept responsibility for the sufficiency of the procedures for their purposes. Because an AUP report may be used by different users (e.g., suppliers, customers, regulators) for different purposes, each user would need to determine whether, and to what extent, the procedures are sufficient for its purpose.</p> <p>We agree that the engaging party should acknowledge that the procedures performed are appropriate for the intended purpose of the engagement. This is especially important when a general-use report is expected to be issued because users would</p>	<p>The concern is that if no party is responsible for sufficiency, then you are auditing and accepting your own work, which could result in an independence issue. If no one is responsible for the sufficiency of the procedures, the courts will ultimately decide what is sufficient. (11)</p> <p>The Committee is of the opinion that the practitioner should be precluded from taking on agreed upon procedures engagements where neither the engaging party nor the specified parties take responsibility for sufficiency of procedures. (15)</p> <p>CLA believes that it is important for someone to be required to take responsibility for the sufficiency of the procedures performed particularly if it is a general use report. This responsibility decreases the risk that users of the report would infer the practitioner's responsibility for the sufficiency of the procedures and serves to reduce the practitioner's legal exposure.</p> <p>Also, we have concerns about the ability of the practitioner to maintain independence if the practitioner is able to develop the selected procedures without another party assuming responsibility for the sufficiency of the selected procedures to ensure they meet the intended purpose of the engagement. (21)</p> <p>We continue to believe that an engagement performed in accordance with AT-C Section 215, <i>Agreed-Upon Procedures Engagements</i> (AT-C Section 215), should require (1) the engaging party or other party to take responsibility for the sufficiency of the procedures, (2) the</p>

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reasonably expect a party other than the practitioner to determine that the procedures are appropriate for the intended purpose and users may not be in a position to make this assessment. In most cases, we would expect the engaging party to determine that the AUPs are appropriate for the intended purpose of the engagement. Further, we believe this proposed requirement would be consistent with the other attestation standards that require a party to take responsibility for the procedures performed.

However, because a practitioner could assume responsibility for the sufficiency of the procedures performed for the intended purpose of the engagement, users of the reports may interpret that to mean the practitioner is providing assurance, which is inconsistent with the nature of AUP engagements. This would also be inconsistent with the existing independence requirements for these engagements. We recommend that the proposed standard include language that prohibits the practitioner from assuming responsibility for the sufficiency of the procedures. (22)

D&T believes that in existing agreed-upon procedures engagements it is crucial to maintain the requirement for the specified parties to accept responsibility for the sufficiency of the procedures being performed for their purposes. As outlined in our overall comments above, we express support for the ASB to pursue providing flexibility around agreed-upon procedures engagements and, in addition to preserving the existing extant AUP framework, we agree that in certain circumstances it may be appropriate for the engaging party to acknowledge the appropriateness of the procedures for the intended purpose of the engagement. (23)

We are supportive of the revisions provided by the Attestation Proposal, in particular, the engaging party's acknowledgement of the appropriateness of the procedures, and appreciate the ASB providing flexibility to practitioners and engaging parties in developing procedures associated with an AUP engagement. However, removing the requirement for engaging parties to acknowledge in writing their responsibility for the sufficiency of the procedures could essentially result in no party associated with the AUP

responsible party to take responsibility for the assertions related to the engagement, and (3) the report to provide for a restriction on use. The removal of these requirements from the traditional assertion-based agreed-upon procedures engagement has the potential to increase attestation risk for practitioners and increase, rather than decrease, the expectation gap. (29)

The Committees believe that in situations where the engaging party will be relying on the results of the agreed-upon-procedures engagement to make management decisions, the independence of the practitioner could potentially be impaired if the practitioner develops the procedures and assumes responsibility for the sufficiency of those procedures. If the independence of practitioners is impaired, it decreases the amount of confidence that third party users can place on the results, which is not in the best interest of the public. Further, it is ultimately the belief of the Committees that the engaging party is going to have more in depth knowledge of the entity and would be in a better position to determine the sufficiency of the procedures to be performed based specifically on the objectives that the engaging party hopes to meet. Finally, it is the belief of the Committees that lack of a requirement for the engaging party to accept responsibility for the sufficiency of the procedures performed opens the practitioner up unnecessarily to litigation over any subsequent disputes that may arise related to the nature and extent of procedures to be performed. (33)

We disagree with the proposed revision to AT-C 215 whereby no party would be required to accept responsibility for the sufficiency of the procedures. We believe that change to the attestation standard would jeopardize the practitioner's independence and may even open door to unnecessary liability risks.

We recommend the proposed revised AT-C 215 retain the requirement for the specified parties to take responsibility for the sufficiency of the procedures, via the engagement letter, for instance. The Committee recommends that, in case the practitioner should assist in helping the specified parties

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engagement taking responsibility for the sufficiency of the procedures.

Without a clear understanding of who is responsible for the sufficiency of the procedures, users of the reports could infer that the practitioner has a higher level of responsibility than is required under the standards. This is compounded by the Attestation Proposal allowing the practitioner to take responsibility for the sufficiency of procedures performed, which may also suggest that the practitioner is providing a level of assurance that is not consistent with the objectives of the engagement. Therefore, we recommend the Attestation Proposal make explicitly clear that the practitioner is not responsible for determining the sufficiency of the procedures performed, even when designing the procedures.

We believe this could be accomplished by requiring that all AUP reports, where the practitioner has not taken responsibility for the sufficiency of the procedures performed, include the phrase “*We make no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose*” which is currently included in paragraph 35 of extant AT-C 215. While we acknowledge that similar language is included in the Attestation Proposal, it is included in application guidance and is conditioned on the engaging party or other parties taking responsibility for the sufficiency of the procedures; we believe that requiring the inclusion of this language in AUP reports would enhance users’ understanding of the practitioner’s responsibilities.

We are also concerned that absent additional clarity regarding the responsibilities of the practitioners and users, users of these reports may not truly understand the nature and limitations of the reports. Therefore, we strongly encourage the ASB to require the following statement within the report to clarify that the user is responsible for determining the appropriateness of the procedures for their particular needs, “*The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the*

develop the agreed-upon procedures because they are not knowledgeable enough to develop them on their own, these specified parties should take responsibility for the appropriateness and sufficiency of the procedures in the *engagement letter* before the start of the engagement, and not after its completion. (37)

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*appropriateness of the procedures for their intended purpose.”*

Finally, we acknowledge that our recommendations could be under the umbrella of a firm’s risk management decision processes and tolerance levels; however, we strongly believe it is in the public’s best interest to enhance the users’ understanding of the AUP reports, including understanding the limitations of these reports, as well as the responsibilities of the parties related to the procedures applied within the report. (28)

**Task Force Response to Comments**

While the comment letters tend to favor the use of the more familiar term *sufficient* rather than the term *appropriate*, the Task Force believes that the term *appropriate* should be used as the term denotes suitability whereas *sufficiency* might be interpreted by many practitioners to refer only to a measure of quantity.

The Task Force proposes that, in addition to accepting responsibility for the *appropriateness* of the procedures, the proposed SSAE should include application guidance that explicitly states that the engaging party and/or other parties may also agree that the procedures are *sufficient* for their purposes. The engaging party and/or other parties may also make other acknowledgments such as that the procedures are *suitable* for their purposes.

Some members of the Task Force proposed that the application guidance should state that that the terms *sufficiency* and *appropriateness* and *suitability* were all intended to be interchangeable and mean the same thing. So, while the requirement would run to *appropriateness*, the application guidance would state that the term means the same as *sufficient* and *suitable*.

The Task Force also believes that the proposed standard should prohibit the practitioner from taking any responsibility for the appropriateness (or sufficiency or suitability...) for any purpose and that the report should clearly state that the practitioner has not taken such responsibility.

See Issue 6 in Agenda Item 4 for complete summary of Task Force consideration.

**Request for Comment 6**

**Prohibition of a limited assurance engagement on (a) prospective financial information; (b) internal control; or (c) compliance with requirements of specified laws, regulations, rules, contracts, or grants.**

There was no support for removing the prohibition on a limited assurance engagement on (a) prospective financial information; (b) internal control; or (c) compliance with requirements of specified laws, regulations, rules, contracts, or grants.

**Request for Comment 7**

**Effective Date**

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Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<p><b>Support:</b>                   <b>22</b> 4, 6, 7, 8, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 27, 29, 30, 31, 32, 34, 37, 38</p> <p><b>June 30 Yearend Date:</b>           <b>2</b> 12, 25</p> <p><b>Oppose: Defer:</b>           <b>4</b> 23, 26, 36, 39</p> <p><b>Oppose: Do not establish effective date at this time:</b>       <b>3</b> 3, 22, 35</p> <p><b>No Comment:</b>             <b><u>8</u></b> 1, 2, 5, 9, 20, 24, 28,33</p> <p><b>Total:</b>                    <b><u>39</u></b></p>	<p>We are supportive of the proposed effective date as we believe 2020 will be sufficient time for firms to adjust their methodologies, whether developed internally or through third-party vendors, and educate their staff appropriately. (2)</p> <p>With respect to the effective date of the proposed guidance, the Committee did not have any concerns for practitioners with an effective date of May 1, 2020. As the changes will be significant and far-reaching, we think the practitioners will have enough time to develop a good understanding of the revisions to the attestation standards...(37)</p>	<p>We do not believe the effective date for reports dated on or after May 1, 2020 will allow for sufficient time for implementation. In addition to the significant effort required by practitioners to update their internal policies and guidance, we think it is necessary for the AICPA to make changes to interpretative publications to align with the revised standards before they become effective. Experience with the recent issuance of the clarified AT-Cs highlighted the potential difficulties in effectively and efficiently implementing the standards that can result if all the relevant guidance is not updated and in place in a timely basis. We therefore recommend the effective date be set no sooner than 24 months from the time the ASB issues the revised standards. (26)</p> <p>Given the impact of the proposed changes in the professional literature, including to interpretive and other attestation publications and, in our view, the necessary education of practitioners and intended users, we believe that the effective date of attestation reports “dated on or after May 1, 2020” is premature. As noted in the Explanatory Memorandum, there would be “significant revisions to the reporting requirements for examinations, limited assurance, and agreed-upon procedures reports,” in addition to the performance requirements, and we believe that the AICPA has a responsibility to develop supporting materials that may be released simultaneously with the finalization of the proposed SSAE. (23)</p> <p>We suggest that the proposed implementation date take into consideration the June 30 year-end date for many government entities and the revised <i>Government Auditing Standards</i> implementation date for attestation engagements for periods ending on or after June 30, 2020. (25)</p>

**Task Force Response to Comments**

The majority of the comment letters support the proposed effective date of “for reports dated on or after May 1, 2020.”

**Request for Comment 7  
Prohibition against early implementation of SSAE**

Comment Letter Numbers Support/Oppose	Selected Excerpts from Comment Letters Supporting the Proposal	Selected Excerpts from Comment Letters Opposing the Proposal
<b>Support:</b> 24 4, 6, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 25, 26, 27, 29, 30, 32, 34, 37, 38, 39	Just as the 2018 edition of the Yellow Book will not be allowed to be implemented early, we agree that this proposed standard should not be allowed to be implemented early since the format of all reports for these types of engagements should be rolled out uniformly to avoid confusion among users (12)	We do not see an issue with early adoption and are supportive of not precluding such an approach (36)  . . . we would suggest that the standard permit early adoption. (31)
<b>Oppose:</b> 2 31, 36	We are supportive of the proposed effective date and the prohibition on early implementation. If early implementation was permitted, some practitioners would issue reports in accordance with the revised requirements, whereas others would issue reports for the same services in accordance with extant requirements. The resulting diversity in reporting would create confusion in the marketplace and, therefore, would not be in the public interest. We believe the time between issuance of the standard and its effective date should be used to provide educational materials that practitioners can use to help the marketplace understand the changes...(8)	
<b>Not relevant:</b> 3 3, 22, 35		
<b>No Comment:</b> 10 1, 2, 5, 7, 9, 20, 23, 24, 28, 33		
<b>Total:</b> 39		

**Task Force Response to Comments**

The Task Force concluded that early adoption of the proposed SSAE should not be permitted.