



Agenda Item 5F

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

Comment Letter Number	Abbreviation in Summary of Comments	Name of Commenter
1	CS	Charles Strand CPA
2	VA	Virginia Commonwealth
3	NJCPA	New Jersey Society of Certified Public Accountants
4	ORBA	Ostrow Reisin Berk & Abrams, Ltd.
5	PICPA	Pennsylvania Institute of Certified Public Accountants
6	NASBA	National Association of State Boards of Accountancy
7	HW	Hantzmon and Wiebel LLP
8	RSM	RSM
9	PKF	Pannell Kerr Forster of Texas, P.C.
10	NYSSCPA	New York State Society of Certified Public Accountants
11	TSCPA	Texas Society of CPAs
12	Michigan OAG	Michigan Office of the Auditor General
13	A-LIGN	A-LINE
14	BAS	Beth Schneider
15	Illinois Society	Illinois CPA Society
16	NSAA	National State Auditors Association
17	Hunter	Hunter College
18	ALGA	Association of Local Government Auditors
19	PBTk	Percy Bowler Taylor Kern
20	Washington	Office of the Washington State Auditor
21	CLA	CliftonLarsonAllen LLP
22	E&Y	Ernst & Young LLP

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23	D&T	Deloitte & Touche LLP
24	MICPA	Michigan Association of CPAs'
25	GAO	U.S. Government Accountability Office
26	PWC	PricewaterhouseCoopers LLP
27	TIC	Technical Issues Committee of the AICPA Private Companies Practice Section
28	DHG	Dixon Hughes Goodman LLP
29	BDO	BDO USA LLP
30	Kearney	Kearney & Company
31	SL	SingerLewak LLP
32	OSCPA	The Ohio Society of CPAs
33	NCACPA	North Carolina Association of Certified Public Accountants
34	CR	CohnReznick LLP
35	KPMG	KPMG LLP
36	GT	Grant Thornton LLP
37	FICPA	Florida Institute of Certified Public Accountants
38	Crowe	Crowe LLP
39	BT	Baker Tilly

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Topics Covered in “Comments Relevant to All AT-C Sections”

- Is the ED needed; should it be issued?
- Eliminating the requirement to request a written assertion when reporting on the subject matter
- Convergence with ISAE 3000, including use of terms *underlying subject matter* and *subject matter information*
- Direct engagements
- Independence
- Understandability of proposed changes
- Subject-matter AT-C sections
- Effective date
- Miscellaneous

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Is the ED needed; should it be issued?			
Opposes the ED Dilutes the recently issued clarified attestation standards	D&T	<p>In responding, we thoughtfully considered the reasoning for the amendments, as outlined in the Explanatory Memorandum, as well as the appended dissents. Our response has also been informed by the views expressed by the members of the ASB at the numerous meetings where this topic has been robustly discussed and debated. D&T recognizes and supports the opportunity to explore and develop quality professional standards intended to nurture and support potential new market opportunities; however, we do not believe that this should be done at the expense of diluting the clarified attestation standards that were recently deliberated by the ASB and issued only two years ago. It is our overarching perspective that the underlying principles of those clarified attestation standards would be undermined by the ED, such that the proposed SSAE would no longer explicitly support existing attestation engagements as we know them.</p> <p>We acknowledge the issues outlined by the ASB members in the dissents, and we believe that the concerns raised in these dissents are valid and worthy of further deliberation. Accordingly, we respectfully request that the ASB consider these dissents as part of its ongoing deliberations. While the dissenting members expressed views highlighting a variety of differing perspectives, when read and considered together, it appears that there is significant concern that the ASB may not have fundamentally considered all the practical implications and long-term ramifications of the amendments set forth in the proposed SSAE</p>	
ED is not needed	PBTK	In addition to the matters discussed below with respect to proposed revisions to A T-C section 215, we are particularly concerned that the Board, the Accounting and Review Services Committee (ARSC) and the Attestation Task Force (the Task Force) has apparently spent an inordinate amount of time and resources developing this unwieldy, 425-page Proposal	

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		(especially with regard to proposed revisions to AT-C section 215) that is difficult to navigate and that appears to fit neatly, into the category of a "make work" project that is well-described by the common expression, "If it ain't broke, don't fix it."	
Opposes the ED Concerned about amount of dissent from ASB members Proposal not needed	PICPA	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.	
Very few small practices provide attestation services	CS	I am sure that you will get very few responses to the above exposure draft. especially from, smaller CPA practice units, quite frankly, I do not think we have the time to read and digest 425 pages of examples, members comments and dissents. I would like to observe and comment that I just do not think that the smaller practice unit can understand the consequences, of the changes. Since there are very few smaller practices that provide attestation services especially because of the required peer review and working through the assessment of risk. I believe that a majority of our members, have no idea that the exposure draft is available for comment and even if aware will comment.	
Opposes the ED AT-Cs were codified in 2017; an update is not necessary at this time.	NJCPA	The Group appreciates the ASB's efforts in drafting this proposal, and in particular we fully support the proposed introduction of the term "limited assurance engagement." We are, however, concerned with the pace of change from the Board in this matter. We note that the attestation standards were codified in 2017 and believe that an update is not necessary at this time. ...While the Group is in agreement with some of the specific proposed changes to the attestation standards as detailed in the responses below, overall we agree with a number of the dissenting opinions that there is no need to change the standards at this time. Additionally, we believe that the changes to the Agreed Upon Procedures ("AUP") standards in AT-C section 215 amount to the addition of a new line of service. If the Board wishes to add services, that should be accomplished under a new standard, not by wholesale modification of the standards underpinning the AUP engagements. Lastly, our Group believes that the present AUP standards are functioning well and thus do not require any changes.	
Insufficient practice issues or market concerns to warrant revising AT-C section 105, 205, or 210	PWC	Unfortunately, we do not believe the nature and extent of changes being proposed is appropriate. Many of the proposed changes constitute fundamental changes to the attestation standards. This would undermine the due process that was followed as part of the clarity project (including on areas where consensus was reached) and discount the significant efforts undertaken by practitioners to recently implement the relevant clarified	

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		<p>standards (the “clarified AT-Cs”). Our preference would have been a more robust consideration of whether any changes to the standards is needed, informed by wider outreach. Based on our experience, we do not believe there are sufficient practice issues or market concerns that require opening AT-C section 105, 205, or 210 at this time.</p> <p>Additionally, promulgating such substantive revisions to the clarified AT-Cs so soon after they became effective is likely to cause confusion in the marketplace, as users may not be able to easily identify how the services have changed as a result of the revisions. We are also concerned that introducing flexibility in how attestation engagements can be performed will undermine services that are well-understood and accepted in the market today, in particular those services that are addressed by AICPA interpretative publications (e.g., the SOC suite of services and AUPs in the financial services industry).</p> <p>If the ASB believes it is necessary to continue pursuing changes to the clarified AT-Cs, a balance must be struck between allowing the profession to innovate, while recognizing the fundamental concepts that underpin attestation engagements – concepts that result in separate and distinct responsibilities for management and the practitioner that are designed to support the public interest. We encourage the ASB to take steps to set out an appropriate framework for practitioners to provide services that are relevant and appropriate in the public interest, while maintaining key concepts in the clarified AT-Cs when there is consensus.</p> <p>We believe the ASB’s intent was not to change fundamental concepts in the clarified AT-Cs, but rather to allow for flexibility to respond to market demands and address certain practical challenges that had been identified in relation to the clarified AT-Cs. Where flexibility is introduced, there needs to be sufficient guidance to enable practitioners to make informed judgments in light of the facts and circumstances of each engagement.</p>	
Opposes issuance of the SSAE	E&Y	<p>We believe the ASB should conduct a post-implementation review of the clarified attestation standards and perform outreach to report users (e.g., Financial Executives International (FEI), industry trade organizations) before moving forward with the proposal. Absent requests from practitioners, preparers or users, or an analysis of the market’s experiences with the clarified attestation standards, we see no reason to amend the standards at this time, less than 18 months after the clarified attestation standards became effective.</p>	

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		If the AICPA decides to move forward with the proposal, we believe that any final standard should include additional requirements and application guidance to protect report users from misunderstanding reports and to maintain the strong market perceptions of the diligence, objectiveness and independence of certified public accountants.	
	PBTK	<p>We fully support the following view expressed by [ASB member Mr. Cascio]:</p> <p>(1) "the Task Force has not presented compelling reasons to support the proposed changes at this time," (2) "direct engagements and the removal of certain required written representations from the responsible party potentially increases the attestation risk for practitioners. and (3) "questions raised ... about independence considerations related to direct engagements, are matters that should have been more thoroughly vetted prior to approving the proposed amendments for exposure,"</p> <p>We fully support the following view expressed by [ASB member Ms. Kassman]:</p> <p>(1) "the extent of changes to eliminate reference to specific roles, including changes to requirements such as obtaining representations from the responsible party, have diluted the concept of a responsible party." and (2) "for the responsible party to not provide a written representation ... fundamentally seems to contradict the importance of identifying a "responsible party," even more so as it is a fundamental principle of independence."</p>	
	PWC	We do not believe the ASB should move forward in finalizing the proposed SSAE as currently drafted. We believe the points raised in the various dissents to the proposed SSAE represent significant concerns that must be addressed before any revisions to the clarified AT-Cs can be finalized	
Further outreach is needed before moving ahead with this proposed SSAE	D&T	However, we do not believe that moving ahead with the SSAE as proposed — i.e., making fundamental changes to the examination and review engagements in the ED — is appropriate without a much deeper understanding of the users’ needs and related practice issues. We believe this can be achieved through further outreach, potential academic research on specific areas, and one or more well-scoped and defined project plans that are acceptable to the ASB (having been well-vetted by its stakeholders). This approach will enable the development and maintenance of a suite of attestation standards that meets the intended needs of the stakeholders, including users, user entities, and practitioners.	
Differing committee views on whether this ED is needed	NYSSCPA	We are cognizant of the differing opinions this exposure draft has elicited, both in favor and opposed. We ourselves have struggled with these differing opinions during the drafting process of this response. While one committee [of the NYSSCPA] sees the	

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		potential the proposed changes can have on the performance of attestation engagements, particularly, agreed-upon procedures engagements, another committee [of the NYSSCPA] views the time spent developing this exposure draft as wholly unnecessary to the continuing development of the attestation standards. We will discuss the concerns raised by both sides so that the ASB can make the best, most informed decisions possible	
Eliminating the requirement to request a written assertion when reporting on the subject matter Request for Comment 1			
Supports eliminating the requirement to request a written assertion from the responsible party when reporting on the subject matter	RSM	For engagements in which the practitioner reports directly on the subject matter, we agree that the practitioner should not be required to request a written assertion from the responsible party. However, we appreciate the flexibility of being able to request the assertion when deemed necessary by the practitioner for clarity with certain responsible parties.	The elimination of the requirement to request a written assertion when reporting on the subject matter has been retained.
	CLA	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.	
	GAO	We believe that no longer requiring the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter is appropriate and that the related application guidance is clear on reporting directly on subject matter We believe that the changes are reasonable and understandable related to removing the requirement for the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter. The application guidance is helpful as it relates to written assertions.	
	NJCPA	Agrees with the proposal to no longer require the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter. Under the current standards for examination, review or agreed-upon procedures engagements, the refusal of the engaging party to provide a written assertion may require the practitioner to withdraw from the engagement. We believe that the 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.	

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	OSCPA	The committee agrees that a written assertion from the responsible party should be required only if the practitioner is reporting on the assertion.	<p>The elimination of the requirement to request a written assertion when reporting on the subject matter has been retained.</p>
	SL	<p>The proposed changes that include no longer requiring a written assertion from the responsible party when the practitioner is reporting directly on the subject matter are understandable.</p> <p>We also believe the application guidance as drafted will be understandable and the application guidance is very useful for practitioners in applying the new proposed requirements.</p>	
	OIG Michigan	We consider the proposed changes to no longer require the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter is necessary and appropriate. We see no benefit in obtaining a written assertion from the responsible party when the practitioner reports directly on the subject matter.	
	ORBA	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. In a subject matter attestation, there are no explicit assertions. Although an examination of investment returns based on a criteria implies that the criteria have been appropriately applied in the computation of the investment returns, there is no such explicit statement in either the terms of the engagement or in the report on the engagement. In performing the examination, the practitioner performs procedures to determine if there is sufficient, appropriate evidence to support that the investment returns are appropriate based on the criteria. We believe that only those assertions upon which the practitioner has been engaged to opine (or conclude) should require representation from the responsible party. Accordingly, we are pleased that the ASB has retained this requirement	
	NSAA	We consider the proposed changes to no longer require the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter as necessary and appropriate. We see no benefit in obtaining a written assertion from the responsible party when the practitioner reports directly on the subject matter	
	Hunter	We believe that written assertion should not be required when the practitioner is reporting directly on the subject matter. This will reduce the burden on the responsible party when they are not in the position to measure and evaluate the subject matter against the	

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		criteria, when they are lack resources or qualifications to arrive with assertions, or when they are unwilling to do so. We concur that written acknowledgment is enough to outline responsibilities and will reduce the attestation risk from the practitioner	<p>The elimination of the requirement to request a written assertion when reporting on the subject matter has been retained.</p> <p>Not added to preconditions, but was added to “Terms of Engagement” in par. 8 of AT-C 205</p>
	MICPA	In particular, the elimination of the written assertion adds efficiency without reducing the value.	
	TIC	Yes, TIC believes that the proposed changes that include no longer requiring a written assertion from the responsible party when the practitioner is reporting directly on the subject matter as well as adding a statement to the report about independence are understandable. TIC also believes that the application guidance as drafted will be very useful for practitioners as they adopt this new set of standards.	
<p>Supports eliminating the requirement to request a written assertion from the responsible party when reporting on the subject matter</p> <p>Add a precondition requiring practitioner to determine whether he or she will be able to obtain a written assertion from the appropriate party when (i) required by one of the subject-matter AT-Cs or (ii) practitioner otherwise determines it is necessary to obtain a written assertion</p>	GT	<p>As noted in our opening remarks, we support providing flexibility within the attestation standards and thereby fully support removing the requirement to request a written assertion from the responsible party for all attestation engagements. Nevertheless, we do believe that written assertions should continue to have a place in the attestation standards. With that said, we note that the changes proposed to the standards need further clarification with respect to the performance of an engagement when a practitioner obtains an assertion.</p> <p>Therefore, we ask the Board to consider adding a precondition to proposed AT-C Sections 205, <i>Examination Engagements</i>, and 210, <i>Limited Assurance Engagements</i>, for the practitioner to determine that he or she will be able to obtain a written assertion from the appropriate party when (i) required by one of the subject-matter-specific standards of the attestation standards or (ii) the practitioner otherwise determines it is necessary to obtain a written assertion from the appropriate party in the conduct of the engagement. We recommend that the latter portion of the application guidance in proposed paragraph .A10 of each standard in the Exposure Draft be associated with the new precondition. We believe these changes will provide better structure and guidance to practitioners when implementing the new standard.</p> <p>While we recognize that proposed AT-C Section 320, <i>Reporting on an Examination of Controls at a Service Organization Relevant to User Entities’ Internal Control Over Financial Reporting</i>, includes revisions to clearly require the practitioner to obtain a written assertion from the responsible party, we are concerned that a disconnect is created because this guidance only applies to SOC 1® engagements. Currently, SOC 2® and SOC 3® engagements are also performed in accordance with AT-C Section 205, and we believe it would be inappropriate not to require written assertions for these SOC engagements. We encourage the Board to close this disconnect in the standards by requiring written assertions for SOC 2® and SOC 3® engagements.</p>	

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	BDO	The proposed SSAE would require a written assertion from the responsible party only if the practitioner were reporting on the assertion. We agree that the practitioner should not be required to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter in an examination or review engagement. However, as noted above, we continue to believe that a written assertion from the responsible party is necessary when the engagement is performed in accordance with AT-C Section 215.	
Opposes eliminating requirement to request a written assertion from the responsible party when reporting on the subject matter	HW	We are not in favor of abandoning the current requirement to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter. We believe that to require a written assertion when reporting on an assertion and not when reporting directly on the subject matter will create confusion in the profession. Requiring written assertions for both instances has long been established and we do not see a need to change that requirement at this time.	Did not make this change.
	CohnReznick	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	Did not make this change because a RP that has not measured or evaluated the subject matter would not have a reasonable basis for making an assertion.
	PWC	We believe the assertion is an integral part of audit evidence, which can take many forms, such as a written communication completed by a responsible party and submitted to another party (e.g., a checklist or form submitted to a regulator), a narrative description, as part of a representation letter, or simply inherent within the subject matter, such as the preparation of a schedule. Removing the requirement to request an assertion undermines the nature of an attestation engagement in accordance with the clarified AT-Cs and places more responsibility on a practitioner rather than a responsible party. We also note the concept of an assertion is well-entrenched in a number of the services the AICPA promotes through topic-specific guides (in particular, SOC engagements, cybersecurity). However, 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</i>	

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		<i>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, 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.	
	A-LIGN	As stated in the original version of the SSAE 18 standard, an attestation engagement is predicated on the concept that a party other than the practitioner (the person or persons conducting the attestation engagement, usually the engagement partner or other members of the engagement team, or as applicable, the firm) makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. As such, the original version of Section 205 - Examination engagements, Section 210 - review engagements and Section 215 — AUPs requires the practitioner to obtain a written assertion. Accordingly, A-LIGN suggests that the requirement for the practitioner party to request a written assertion from the responsible party (the party(ies) responsible for the subject matter), even when the practitioner is reporting directly on the subject matter not be removed.	Did not make this change
Opposes eliminating the requirement to request a written assertion from the responsible party when reporting on the subject matter	PWC	<p>An assertion is any declaration or set of declarations about whether the subject matter is based on or in conformity with the criteria selected. While not required by the IAASB's assurance standards, the desire to retain the US requirement for the practitioner to request a written assertion in examination and review engagements was recently reaffirmed as part of the project to develop the clarified AT-Cs. Many stakeholders were of the view it is in the public interest for the responsible party to explicitly take responsibility for the preparation of subject matter in accordance with criteria in the form of an assertion. We are not aware of any practice issues that have arisen that would change that point of view. We therefore do not support removal of the requirement to request a written assertion in examination or review engagements.</p> <p><i>Inability to obtain a written assertion</i> Previous ASB deliberations have considered the circumstance in which the responsible party may be unable or unwilling to make an assertion, as well as potential concerns in practice that the responsible party may not have a basis for making an assertion even if one is provided to the practitioner.</p>	Did not make this change.

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<p>If a written assertion is not obtained, the practitioner should determine whether sufficient appropriate audit evidence can be obtained.</p> <p>If the RP 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 make an assertion.</p>		<p>We believe the inability to obtain an assertion, or doubts about the reliability of the assertion, are matters that should be considered by the practitioner in determining whether to accept an engagement, including whether the practitioner expects to be able to obtain the evidence needed to arrive at the practitioner’s findings, as discussed in AT-C section 105.25b(iii). In our view, it is preferable to maintain the premise that the practitioner should request an assertion in an examination or review engagement but allow for some judgment within the AT-Cs if the practitioner is unable to do so.</p> <p>We believe the assertion is an integral part of audit evidence, which can take many forms, such as a written communication completed by a responsible party and submitted to another party (e.g., a checklist or form submitted to a regulator), a narrative description, as part of a representation letter, or simply inherent within the subject matter, such as the preparation of a schedule. Removing the requirement to request an assertion undermines the nature of an attestation engagement in accordance with the clarified AT-Cs and places more responsibility on a practitioner rather than a responsible party. We also note the concept of an assertion is well-entrenched in a number of the services the AICPA promotes through topic-specific guides (in particular, SOC engagements, cybersecurity). However, 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, 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.</p>	
<p>Opposes eliminating the requirement to request a written assertion from the responsible party when reporting on the subject matter</p>	<p>D&T</p>	<p>We recommend reverting to extant AT-C 205 and AT-C 210 for examination and review engagements, respectively. D&T strongly recommends, and advocates for, the retention of the requirement to request a written assertion. We believe that the existing framework supports many examination and review engagements performed today, and D&T has not yet seen evidence for a demonstrated need to amend extant AT-C 205 or AT-C 210.</p> <p>We have described in our overall comments that we do not agree with the removal of the request for a written assertion.</p>	<p>Did not make this change.</p>

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Revert to extant AT-C 205			
<p>Opposes eliminating requirement to request a written assertion from the responsible party when reporting on the subject matter</p> <p>If no assertion, practitioner should be required to obtain a representation from RP that RP takes responsibility for the subject matter being in accordance with the criteria.</p> <p>If RP does not provide the representation and</p> <ul style="list-style-type: none"> • RP is EP, practitioner should withdraw or disclaim. • If RP is not EP, practitioner uses judgement in determining whether to express an opinion. <p>When no assertion and only practitioner performs</p>	E&Y	<p>While we support the ASB's proposal to retain the requirement for a practitioner to request a written assertion from the responsible party when the practitioner is engaged to report on the responsible party's assertion, we do not believe the ASB should eliminate the requirement for a practitioner to request a written assertion from the responsible party (including the corresponding requirement for the responsible party to have a basis for its assertion) when the practitioner is reporting directly on the subject matter.</p> <p>We do not recommend that the ASB move forward with this proposed amendment, but if it does, we believe the practitioner should be required to not only request but also obtain written representation from the responsible party that it takes responsibility for the subject matter being in accordance with the specified criteria. If the representation is not obtained, the practitioner should be required to either withdraw from the engagement, or in the case of an examination, disclaim an opinion when the responsible party is the engaging party. When the responsible party is not the engaging party, we believe the practitioner should be able to exercise judgment, based on the facts and circumstances.</p> <p>If any of these recommendations are not included as a requirement in any final standard, we believe the practitioner's long-standing role of being the verifier of the responsible party's responsibility to make sure the subject matter is in accordance with the criteria could change to being the initial measurer/evaluator of whether the subject matter is in accordance with the criteria.</p>	<p>This recommendation conflicts with one of the objectives of the ED which was to enable the practitioner to report when the RP has not measured or evaluated the subject matter against the criteria.</p>

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measurement or evaluation • practitioner is no longer a verifier • increases attestation risk. ASB should provide application guidance re potential effect on nature, timing and extent of procedures to address self-review risk When reporting on the subject matter, the RP is EP, and no assertion; agrees with eliminating requirement to withdraw.		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). We agree with the ASB’s proposal to remove the provision from the attestation standards that requires the practitioner to withdraw from the engagement when the responsible party is the engaging party and is unwilling to provide an assertion regarding the subject matter. We believe the practitioner should be able to exercise judgment to make this decision to withdraw based on the facts and circumstances.	
If no assertion and practitioner does not withdraw, practitioner’s report should state that RP did not provide an assertion	E&Y	However, if the practitioner decides not to withdraw, we believe the practitioner’s report should disclose the fact that the responsible party was unwilling to provide any assertions about the subject matter in accordance with specified criteria.	This is an option in par. A88 of AT-C 205 of the ED. ASB may wish to consider whether this should be a requirement rather than an option.
	PWC	Application guidance could be provided that directs the practitioner to consider making a specific communication in the practitioner’s report about whether an assertion was or was not obtained. For example, the practitioner may decide it would be helpful to users to understand whether the responsible party has made an assertion or provided representation that they are responsible for the subject matter being prepared in accordance with (or based on) the criteria.	
	BAS	I am concerned that the elimination of a written assertion inadvertently weakens the representation letters that practitioners should obtain. Obtaining such assertions in a representation letter or, when the responsible party is not able to determine such assertion, a statement that the responsible party cannot make such an assertion and the reasons therefore,	

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		should be a requirement. In the latter situation, the practitioner's report should clearly articulate that the responsible party is unable to make an assertion regarding the subject matter for intended users to consider in deciding what assurance to take from the presentation and the practitioner's report thereon.	
	VA	We believe the Board should reconsider [not] requiring a written assertion from the responsible party even when the practitioner is reporting directly on the subject matter. Whereas assertions remain consistent in audits of financial statements, attestation engagements come in many forms. Therefore, clarifying the responsible party's assertion relating to the subject matter helps to reinforce the objectives of the engagement and management's responsibility for its assertion at the front end of the engagement.	Did not make this change
Obtaining an assertion may be appropriate in more circumstances than just when the practitioner is reporting on the assertion. Retain requirements for assertion-based engagements	KPMG	Because we believe obtaining an assertion may be appropriate in more circumstances than just when the practitioner is reporting on the assertion, the requirements and application material for a written assertion should be retained, if not expanded to guide the practitioner's judgment. We believe that eliminating substantially all the requirements that address what to do when the engagement is assertion-based, as well as introducing the notion that in such instances a written assertion is no longer considered necessary, will result in confusion between the responsibilities of management and the practitioner as it relates to the assertion, and inconsistencies in practice.	For situations in which the practitioner is reporting on the assertion, the application material in the extant attestation standards regarding obtaining an assertion has been retained. Nothing precludes the practitioner from requesting an assertion in any attestation engagement.
	FICPA	The Committee ... strongly disagrees with the elimination of a written assertion from the responsible party when the practitioner is reporting directly on the subject matter. The Committee agrees with one of the Board Member's dissenting opinion that this far-reaching change related to the removal of the assertion requirement in direct engagements may result in confusion between the responsibilities of management and those of the practitioner, and inconsistencies in practice.	Did not make this change.

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Mixed views on eliminating requirement to request a written assertion from the responsible party when reporting on the subject matter.	TSCPA	This proposal was met with mixed reviews. We believe it would be hard for the auditor to provide assurance when there are no assertions. However, we thought the requirement was intended for engagements where there were no specific assertions. Instead, the engagement was requesting attestation on the subject matter	
Divided on eliminating the requirement to request a written assertion from the responsible party when reporting on the subject matter.	NYSSCPA	<p>We were unable to reach a consensus on the deletion of the requirement to obtain a written assertion from the responsible party when the practitioner is performing an examination or limited assurance engagement on the subject matter. We did agree that the requirement to obtain such a representation when the practitioner is asked to report on an assertion about the subject matter should be maintained. Some of our members are of the opinion that the deletion of the requirement to obtain a written assertion would significantly dilute the efficacy of the attestation service, believing that whatever the practitioner is attesting to must be the assertion of the responsible party.</p> <p>Other members believe the removal of the requirement to obtain a written assertion from the responsible party when the practitioner is reporting on the subject matter is acceptable. These members are of the opinion that even in an audit of financial statements, the auditor is not required to obtain written assertions from management regarding every assertion implied in the financial statements under audit. These members, therefore, believe that requiring such written assertions in an engagement performed on subject matter in accordance with the attestation standards is inconsistent with other attest engagements.</p>	
Several requirements in the proposed standard are too prescriptive to enable the elimination of the requirement for a written assertion	GT	Several of the requirements in the proposed standard are too prescriptive to enable the flexibility desired in eliminating the written assertion requirement. As retained, those requirements would seem to be written from the perspective that the responsible party is also responsible for the subject matter in accordance with the criteria. We have detailed our specific concerns below. While certain portions of the examination standard may have been relevant considerations for the changes adopted in the clarity project, we believe they are no longer operational under the more flexible construct being proposed.	<p>Added par. .03 to AT-C 105, which includes the following sentence:</p> <p>This section may be applied to attestation engagements in which only the practitioner has measured or</p>

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			evaluated the subject matter against the criteria by adapting and supplementing the attestation standards as necessary in the engagement circumstances.
Further deliberation is needed regarding when written assertions should be required	KPMG	We acknowledge challenges in applying the requirements of SSAE No. 18 to obtain a written assertion in all instances in circumstances when management has not separately measured the criteria or performed procedures in advance of the attestation engagement. Writing assertions for agreed-upon procedures engagements has proven particularly challenging because the assertion may not directly link to the procedures performed or the procedures are requested as a basis for an assertion. We believe further deliberation is necessary with respect to when written assertions should be required and the specific criteria a practitioner should consider when evaluating whether it would be necessary to obtain a written assertion, specifically with regard to certain subject matter chapters affected by conforming amendments.	The task force finds it difficult to develop a rationale for why an assertion is needed because the practitioner need only obtain sufficient appropriate evidence to express an opinion.
As proposed Statement moves away from requirement to obtain a written assertion, focus must be directed to whether appropriate party has measured and evaluated the subject matter against the criteria.	NASBA	It has been a long-standing requirement of the practitioner to request a written assertion from the appropriate party when the practitioner is reporting directly on a subject matter. As the proposed Statement moves away from the requirement to obtain a written assertion, focus must be directed as to whether the appropriate party has measured and evaluated the subject matter against the criteria.	A written assertion would not be meaningful if the RP had not measured or evaluated the subject matter. The two concepts are interdependent and cannot be addressed independently.
Convergence with ISAE 3000, including use of terms <i>underlying subject matter</i> and <i>subject matter information</i>			

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Supports convergence with ISAE 3000	ORBA	ORBA strongly supports the ASB’s efforts to converge the Statements on Standards for Attestation Engagements (SSAEs) with the International Standard on Assurance Engagements (“ISAE”) 3000 (Revised), <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> . We believe that the proposed changes to the attestation standards in this exposure draft reflect the unique attest environment in the United States without detracting from the intent of ISAE 3000 (Revised).	
	MICPA	In addition, we are also supportive of all changes that help to converge the international and U.S. standards. As the business world becomes more global, it is helpful and effective to reduce differences where appropriate.	
	GAO	We support the AICPA and its Auditing Standards Board’s (ASB) efforts to converge its standards with those of the International Auditing and Assurance Standards Board. We note that governmental entities may have unique considerations when performing attestation engagements because of the nature of government auditing, GAGAS reporting requirements, and laws and regulations.	
	ALIGN	As a global firm, A-LIGN understands and appreciates the AICPA's effort to converge its standards with the International Auditing and Assurance Standards Board (IAASB).	
	NJCPA	Further, we do believe that the Board’s stated objective of convergence with international standards is in the best interest of US-based entities and accountants. We question why, if convergence is the goal, a converged standard was not issued. Instead, the goal seems to be to move US standards to be in line with their international counterparts without consideration of the long history of US stakeholders in preparing, using and reporting on attestation matters in the US.	
Supports ASB’s reasonable efforts to converge with ISAE 3000 provided that the US litigious environment is acknowledged.	NYSSCPA	Historically, the Society has supported convergence with international standards when convergence does not create additional litigation risk to practitioners in the United States (US). While we do not see the same urgency for convergence of the attestation standards as exists for other standards (for example, auditing standards or ethics) we recognize that attestation engagements, like any other engagement performed in the US today, have the potential to be conducted on information sourced from entities anywhere in the world. Accordingly, the Society will support the ASB’s reasonable efforts to converge the SSAs with the International Standard on Assurance Engagements (“ISAE”) 3000 (Revised), <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> , provided that the ASB continues to consider the unique litigious environment of the US in the standard-setting process.	
Insufficient convergence	D&T	D&T supports the strategic initiatives in the Operating Policies of the ASB whereby the Board reaffirms its commitment “to converge its standards with those of the International Auditing and Assurance Standards Board (IAASB).” We also respect and support the	

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Supports convergence but opposes selective convergence		<p>ASB’s need to make such changes to the IAASB’s standards as considered necessary by the ASB to make its standards understandable and capable of being effectively implemented in the United States environment. However, in doing so we do not believe it is appropriate for the ASB to selectively incorporate or omit terminology, definitions, requirements, and guidance that are in the IAASB’s standards, such as what was done with ISAE 3000 (Revised), <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> (ISAE 3000 (Revised)). The strategy of “selective convergence” with ISAE 3000 (Revised) is not a rational approach when the stated goal is to converge. It may not be clear to users of the standards why certain changes have been made, and not others, and there may be unintended consequences that the Board may not have fully explored. We find the statement in the Explanatory Memorandum that indicates that the proposed SSAE “provides another opportunity for the ASB to <u>more closely align</u> the examination and review sections of the attestation standards with ISAE 3000 (Revised)” to be confusing and potentially misleading. What appears to be a multistep approach to achieving convergence is, in our view, likely to only cause more confusion rather than achieving clarity.</p> <p>The “selective convergence” approach was evident, for example, when the ASB determined not to use in the proposed SSAE the terminology “subject matter information” and “underlying subject matter” as defined in paragraph 12 of ISAE 3000 (Revised). Using the terminology would have allowed for a clearer distinction to have been made between the measurement or evaluation of the underlying subject matter in accordance with (or based on) the criteria, and the attestation engagement to report on the outcome of such measurement or evaluation (i.e., the subject matter information). Consequently, there is little clarity in the ED as the proposed SSAE uses the generic phrase “subject matter” to cover both situations; this will cause confusion in understanding how convergence has been achieved, the theoretical concepts, and when implementing the proposed SSAE.</p>	<p>Added the term <i>subject matter information</i>, and its definition to AT-C 105 and elsewhere, as applicable. Retained the term <i>subject matter</i> and its extant definition, which is the same as the definition of <i>underlying subject matter</i> in ISAE 3000.</p>
	GT	<p>As noted, we believe that finalizing the standard requires either further clarification or enhanced convergence. Although either path is viable, we strongly recommend the Board converge more fully with the concepts within ISAE 3000. In addition to our concerns with the level of prescription of the proposed standard, we are concerned that selective adoption of international concepts, and inconsistent application of those concepts, have led to a proposed standard that is generally unclear with regard to the expectations and responsibilities of the various parties to the engagement, including the practitioner.</p>	

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		<p>We recognize that the Board did not adopt the terms of “subject matter information” and “underlying subject matter” as defined within ISAE 3000. While we acknowledge that the use of the phrase “subject matter as measured or evaluated against the criteria” used in paragraph .03a is the definition of subject matter information, that phrase is not consistently used throughout the rest of the standard where we believe the Board intended “subject matter information” but instead used “subject matter.” For example, proposed paragraph .13 states:</p> <p style="padding-left: 40px;">The practitioner should obtain an understanding of the subject matter and other engagement circumstances sufficient to do the following: enable the practitioner to identify and assess the risks of material misstatement in the subject matter. ...</p> <p>Under existing AT-C Section 205, this requirement is understandable and operational. However, in an engagement where the practitioner performs the measuring, it is confusing and unclear. With the proposed change to the objectives in paragraph .03, the risk assessment is misaligned with the overarching objective in paragraph .03a. The objective states that the practitioner obtains reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement (emphasis added), but the practitioner performs risk assessment procedures on the subject matter itself. We contrast the proposed requirement with the corresponding requirement in paragraph .46R of ISAE 3000: The practitioner shall obtain an understanding of the underlying subject matter and other engagement circumstances to: enable the practitioner to identify and assess the risks of material misstatement in the subject matter information....</p> <p>We believe distinguishing between subject matter information and underlying subject matter provides the practitioner with much needed clarity in executing the engagement, regardless of which party performs the measuring. Although the Board attempted a level of convergence by revising the objective with the bolded, italicized phrase noted above, such phrase was not consistently and appropriately carried through the remainder of the standard, which we believe could be confusing to practitioners...</p>	

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Insufficient convergence AICPA staff should publish reasons for instances in which convergence does not occur	GT D&T	As outlined and proposed in the Strategic Plan of the ASB, the Task Force recommends that “when the Board concludes not to converge with such standards, that it publicize its reasons for not doing so.” We concur with that recommendation and encourage the Board to continue to convey its reasons for not converging with specific aspects of a standard issued by the IAASB in the Explanatory Memorandum. This should be done in an explicit and articulate manner so that respondents have a clear understanding of the approach taken by the Board and consequently can respond accordingly. It is also consistent with our view that a Basis for Conclusions be issued after the finalization of any standard issued by the ASB. We believe that the AICPA staff on the clarified attestation project should develop a detailed analysis that includes a mapping similar to that in Exhibit B in the ED (for both the requirements and guidance) <u>and</u> a narrative addressing the underlying reasoning of the ASB for the differences between the two sets of professional standards.	Open
Clarify the roles of the practitioner and the RP when only the practitioner performs the measurement or evaluation or move to more complete convergence	GT	The ASB did not sufficiently converge the proposed SSAE with certain aspects of ISAE 3000 (Revised), <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> , creating confusion with respect to the roles and responsibilities of the participants and inconsistent use of terms throughout the proposed standard. In order to move the project forward towards more workable requirements and application guidance, we see two paths: the Board can either (i) clarify the affected sections of the proposed standard, or (ii) move to a more complete convergence with the international standard with respect to terminology and less prescriptive requirements.	Open
Opposes further changes to achieve convergence at this time	E&Y	We do not support the AICPA’s objective of making changes to its attestation standards to more closely align them with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) issued in 2013, beyond what it did when the clarified attestation standards were issued in 2016. The ASB intentionally did not adopt certain aspects of ISAE 3000 at that time, including the requirement that a practitioner perform an examination or a review engagement without requesting a written assertion from the responsible party. We do not believe that this or any of the other proposed changes (e.g., review engagement naming change, expanding the procedures in a review engagement) are needed or warranted. We believe the proposal would create an unnecessary burden on responsible parties and report users who would need to become familiar with and adapt to the proposed changes. We also believe that compliance with the proposed changes would create an unnecessary burden on practitioners who were recently trained on the clarified attestation standards as well as firms that changed their internal policies, procedures and guidance as a result of those clarifications.	

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Opposes further convergence but if it occurs consider using the term <i>subject matter information</i>	PWC	We do not believe it is necessary to align more closely with ISAE 3000 (Revised) at this time. As noted in the Explanatory Memorandum, the ASB rejected certain aspects of ISAE 3000 at the time the attestation standards were clarified. Although efforts have been taken through this Exposure Draft, substantive differences remain between the two standards that have not been fully deliberated. If the ASB continues to believe changes should be made for convergence, we believe consideration should be given to whether to use the ISAE 3000 (Revised) term “subject matter information,” which is distinct from subject matter. At present, the proposed SSAE uses a single term (subject matter) to refer to both. Doing so raises questions, for example, relating to independence in a direct engagement.	Added the term <i>subject matter information</i> , and its definition to AT-C 105 and elsewhere, as applicable. Retained the term <i>subject matter</i> and its extant definition, which is the same as the definition of <i>underlying subject matter</i> in ISAE 3000. In response to a request from the ASB at its January 2019 meeting, to explain the difference between subject matter and subject matter information, added paragraph .A19 to AT-C 105
Opposes convergence	PBTK	In general, as we have often stated in our previous comment letters to the Board on earlier Proposals, we do not support the Board’s stated overall objective to converge its standards with those of the International Auditing and Assurance Standards Board (IAASB) merely for the sake of convergence since the practice environment (and the tendency to litigate) is fundamentally different in the U.S. compared to other countries. We do not see this project as “an opportunity for the ASB to more closely align the examination and review sections of the attestation standards with ISAE 3000,” as asserted on p. 7 of the ED. We question what is to be gained by U.S. practitioners and users by availing themselves of such an “opportunity.” We also take note that the proposed revisions to AT-C section 215 described below under the caption, “ Our Principal Concerns ,” are obviously not motivated by a desire for convergence since the international standards do not cover agreed-upon procedures engagements as are performed in the U.S.	
	CS	If the overall concept is to mirror ISAE International Standard on Assurance Engagements then we have to make the change. But I do feel that the smaller attestation client of which there are	

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		probably more in numbers than in dollar amounts the Pareto 80 20 rule, would apply that those smaller clients do not fit within the ISAE framework, in fact it is my understanding that they are exempt from audit in many United Kingdom countries if their revenues are below a certain threshold amounts. So rather than try to mirror the requirements, just adopt them, they really are extremely hard to read and understand even with years of experience and access to AICPA assistance and guidance	
Direct engagements			
If a direct engagement is developed, it should be developed as a separate standard	D&T	Were the Board to consider at a future date the possibility of developing a standard encompassing the “direct engagement” concept highlighted in paragraph 2 of ISAE 3000 (Revised), we would encourage the Board to proceed with a project to develop a separate standard under the attestation umbrella. This would allow the ASB the flexibility to be innovative, and to explore how to adapt the preexisting framework that supports engagements currently performed in accordance with AT-C 205 and AT-C 210.	
Does not see the need to accommodate direct engagements. Eliminate the notion of direct engagements.	PWC	<p>The Explanatory Memorandum notes “the practitioner may perform some or all of the measurement or evaluation of the subject matter against the criteria” and therefore “the appropriate party may or may not have performed any such measurement or evaluation...” We refer to these circumstances as “direct engagements.”</p> <p>We are aware of the AICPA’s desire to allow for direct engagements to be performed under the attestation standards, when the practitioner, rather than the responsible party, measures or evaluates the subject matter. However, we have not seen a practice issue with the current model nor do we believe there has been demonstrated evidence of a need to specifically accommodate direct engagements in the attestation standards.</p> <p>We also note the ASB’s approach does not converge with ISAE 3000 (Revised), as the IAASB ultimately decided to merely make reference to the potential for its assurance standard to be “adapted as necessary” for direct engagements rather than fully address the concept in the standard, recognizing there are fundamental differences between attestation engagement and direct engagements.</p> <p>We suggest the ASB eliminate the notion of direct engagements from its proposed standard and focus instead on areas within the attestation standards where there are current market or practice concerns.</p>	

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Consider separate project to address direct engagements		<p>If the ASB does not agree with this recommendation, we believe the ASB should seek the input of preparers and others to determine in what circumstances practitioners might be requested to perform a direct engagement and then consider the need for a separate project solely to address the unique considerations for such engagements, including independence. We do not believe the ASB has sufficiently evaluated certain key issues relevant to direct engagements.</p> <p>For example:</p> <ul style="list-style-type: none"> ● We do not believe simply removing the requirement to request a written assertion from the responsible party that the subject matter is in accordance with (or based on) the criteria facilitates the performance of a direct engagement. In order to promote consistency in how direct engagements would be performed, we believe additional guidance would be necessary to explain how fundamental concepts of the attestation standards would need to be adapted and applied in a direct engagement (e.g., in relation to evaluating misstatements). ● Further consideration is needed as to whether direct engagements should be prohibited in certain situations (e.g., when the subject matter is internal control or in the context of review engagements). 	
Independence			
Clarification needed re independence when practitioner performs the attestation engagement and is also the initial measurer or evaluator (a nonattest engagement)	E&Y	<p>When considering the amendments proposed in the ED, it is our perspective that there is insufficient clarity with respect to certain independence matters and how independence is to be considered in connection with performing engagements in accordance with the proposed SSAE. Independence is an underlying tenet of the AICPA Code of Professional Conduct (the "Code"), the cornerstone of being a trusted professional, and an unconditional requirement of the proposed SSAE (see paragraph 24 of AT-C 105 in the ED). We request the ASB to consider the following areas:</p> <p><i>Threats and Safeguards</i></p> <p>By eliminating the requirement in the proposed SSAE for the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter, the proposed attestation standards may create a level of misunderstanding and insufficient clarity for the practitioner in situations in which, in addition to performing a "traditional" attestation engagement (i.e., an attestation engagement under the extant standards), the practitioner also performs the initial measurement or evaluation of the subject matter in accordance with (or based on) the criteria (which is a nonattest engagement). As</p>	<p>AICPA staff has consulted with PEEC regarding independence on several occasions.</p> <p>See the results of those discussions on page 100.</p>

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		<p>noted, the responsible party is no longer required to make an assertion (whether unwilling or unable) as to the outcome of that measurement or evaluation. However, in accordance with the Code, when the practitioner performs a nonattest service for an attest client, the attest client and its management are required by subtopic 1.295.040 of the Code to accept responsibility for the results of the nonattest service.</p> <p>We concur that under the Code, the practitioner has always had the ability to perform nonattest services, and the Code provides examples of safeguards that may be applied by the practitioner to reduce threats to independence to an acceptable level. These safeguards include, among others, management agreeing to “assume all management responsibilities” and “accept responsibility for the results of the services.”² It is our perspective that because the nonattest service of measuring or evaluating the subject matter may now be comingled with a “traditional” attestation engagement, specifically removing the request for the responsible party to provide a written assertion may allow for the responsible party to not accept responsibility for the results of such nonattest service. The practitioner may therefore be unable to conclude that the requirements of the Code have been met (i.e., that the threat to independence has been reduced to an acceptably low level).</p> <p>We understand there is a view that the removal of the requirement for the practitioner to request a written assertion from the responsible party would not create additional threats to independence under the Code, provided that the client and its management still take responsibility for the subject matter. Our understanding is that this view is grounded on the underlying premise that such responsibility be included in some form of “representation” to the practitioner. However, D&T³ would like to raise the following observations in relation to the client’s assumption of responsibility:</p> <ul style="list-style-type: none"> • The requirements included in the ED relating to the written representation letter are in the context of a “request” by the practitioner, as the attestation standards cannot impose a requirement on the engaging party (or responsible party). Therefore, it is possible that a representation letter, confirming the responsibilities of the client and its management, is not obtained by the practitioner. • In an examination engagement performed in accordance with extant AT-C 205, when the engaging party is the responsible party and a written representation relating to the assertion is not provided, the practitioner is required to withdraw (when withdrawal is possible under applicable law or regulation). Further, when the engaging party is not the responsible party, and the responsible party refuses to provide a written representation 	<p>AICPA staff has consulted with PEEC regarding independence on several occasions.</p> <p>See the results of those discussions on page 100.</p>

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		<p>relating to the assertion, the practitioner is not required to withdraw, instead the practitioner is required to disclose the refusal in the practitioner’s report and restrict the use of the report to the engaging party (see extant paragraphs 10 and A7 of AT-C 205).</p> <p>In the proposed SSAE, the practitioner is required to request a representation of acknowledgment from the appropriate party stating that the “responsible party is responsible for the subject matter in accordance with (or based on) the criteria” (see paragraph 50ai of AT-C 205 in the ED). However, the practitioner is no longer required to withdraw when the written acknowledgment is not provided, nor (in situations where the engaging party is not the responsible party) disclose such fact in the practitioner’s report and restrict use of the practitioner’s report to the engaging party. Instead paragraphs 47, A68, and A69 of AT-C 205 in the ED provide requirements and guidance that the refusal to furnish written representations constitutes a limitation on the scope of the engagement. In this situation, the practitioner may express a qualified opinion, a disclaimer, or withdraw depending on the circumstances of the engagement.</p> <p>It is D&T’s perspective that, based on the requirements and related guidance in AT-C 205 in the ED, there is potential for situations in which a written representation is not provided relating to the outcome of the measurement or evaluation of the subject matter in accordance with (or based on) the criteria (i.e., no representation received by the practitioner regarding the responsibilities of the client and its management for the results of the nonattest services performed to provide evidence of management having taken responsibility as would be required by the Code), yet the practitioner may still have the ability to issue an attestation report (see additional commentary in the Appendix, <i>Request for Comment 3. Proposed Changes That Affect Only Examination Engagements</i>).</p> <p>1 Paragraph 10 of AT-C 105 in the ED defines an assertion as “any declaration or set of declarations about whether the subject matter is in accordance with (or based on) the criteria.” 2 AICPA Code of Professional Conduct subtopic 1.295.040, paragraph .01.</p>	
Determine whether proposed changes to attestation standards are aligned with AICPA Code of	BDO	<p>Furthermore, we note that the proposed SSAE has added a statement to the practitioner’s report indicating that the practitioner is independent and has fulfilled the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements related to the engagement. We believe such a statement within the attest report is appropriate to provide clarity to users regarding the practitioner’s independence. However, while we are supportive of such communication, we also believe that the ASB should further explore whether the</p>	AICPA staff has consulted with PEEC regarding independence on several occasions.

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Conduct re independence		proposed changes to the attestation standards are aligned with the AICPA Code of Professional Conduct given the nature of the changes to the performance of attestation engagements	See the results of those discussions on page 100.
	GAO	Finally, we believe that the ASB should work with the Professional Ethics Executive Committee to determine whether the current independence standards are sufficient in cases where there is no assertion and the practitioner has prepared the subject information or whether there should be further restrictions.	
	A-LIGN	A-LIGN conceptually agrees with bringing the attestation standards in alignment with ISAE 3000. However, A-LIGN agrees with the following concerns noted in the dissenting opinions within the exposure draft. There are concerns related to independence that have not been fully resolved, including concerns that changes to the attestation standards challenge certain standards in the AICPA Code of Professional Conduct ('the code'), and whether the code fully contemplates the types of services being envisioned by the proposed standard and the independence required of the practitioner to perform such services (for example, new services may pose threats to the independence of the practitioner).	
AICPA's Professional Ethics Executive Committee involvement needed to address engagements in which practitioner performs the attestation engagement and also is the initial measurer or evaluator	BT	We believe that the AICPA's Professional Ethics Executive Committee (PEEC) should consider issuing guidance on the effect on independence of any changes to the attestation standards prior to their effective date. This guidance should include the effect of the changes, if any, on ET 1.297.020, <i>Agreed-upon procedure engagements performed in accordance with SSAEs</i> and what effect, if any, the removal of the requirement to request a written assertion from the responsible party (when the practitioner reports directly on the subject matter) should have on a practitioner's independence considerations.	AICPA staff has consulted with PEEC regarding independence on several occasions. See the results of those discussions on page 100.
	D&T	It is our perspective that the Code, when written, could not have envisioned the evolution of attest services in such a manner as proposed in the ED and therefore, the Code may not have contemplated all the potential independence-related considerations that could arise. D&T acknowledges that the ASB cannot develop and issue guidance relating to how to apply the provisions of the Code, nor can it determine whether the provisions require modification to more explicitly address new engagements that may be performed in accordance with the proposed SSAE, if finalized as exposed. These would be matters for the PEEC to address; as such we recommend that the ASB formally requests the PEEC to add this matter to its agenda, thereby providing the PEEC the opportunity to identify and comprehensively address potential concerns pertaining to the application of the ED relative to the provisions of the Code. We believe, at a minimum, specific and detailed guidance related to the application of the ED is	

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		warranted. We suggest one area of focus for such guidance be nonattest and attestation engagements for which the practitioner both performs the measurement or evaluation of the subject matter in accordance with (or based on) the criteria (nonattest service), and issues an attestation report on the outcome of such measurement or evaluation (attest service). A simple reference in the ED application guidance to a subtopic in the Code alone does not seem to provide adequate guidance as to how the practitioner is to consider the provisions of the Code when assessing the practitioner’s independence.	
ASB did consult PEEC re independence concerns and PEEC stated in a formal letter that the proposed standards did not create any new independence threats.	ORBA	Finally, ORBA was disappointed with comments referring to lower quality standards, abandonment of tradition, and disservice to the AICPA’s mission. These types of comments, in fact, do a disservice to the dissenter’s argument by making them appear petulant. Discussion of non-issues does not strengthen an otherwise good-faith argument. ORBA is aware that the Professional Ethics Executive Committee (“PEEC”) was consulted on those matters of independence that were raised during the drafting process, and that PEEC, in a formal letter to the ASB, stated that the proposed standards did not create any new independence threats. The dissenter who remarked on the independence issue knew that this was a settled issue but chose to raise it anyway. Claiming that certain issues were not thoroughly discussed, when, in fact, none of the other members of the ASB thought the issue worthy of discussion does not legitimize the issue. In our opinion, these bad-faith points not only disrespect our profession, but the entire standard-setting process. They detract from what might have otherwise been a legitimate argument had the author actually stuck to his or her core argument rather than piling on every minute grievance.	Noted
Understandability of proposed changes and usefulness of application guidance in applying the proposed requirements			
Are the proposed changes to the AT-Cs understandable and is application guidance helpful in applying the proposed requirements?	RSM	Overall, we believe the proposed revisions to the attestation standards are understandable and the application guidance is helpful in applying the new proposed requirements.	
	CLA	We are supportive of the proposed changes and we believe the proposed changes are	

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		understandable and the application guidance is helpful in applying the new proposed requirements.	
	Hunter	We understand that these changes can be perplexed when put into practice but we believe that the guidance was written in an understandable manner	
	OSCPA	The proposed changes that affect examination engagements are understandable and the application guidance is helpful in applying these requirements.	
	Illinois Society	The Committee believes that the proposed changes to AT-C Sections 105, 205, 210, and 215 are clear, understandable, and the application guidance is helpful in applying the new proposed requirements.	
	NYSCPA	We found the proposed revisions to the attestation standards in the exposure draft were clear and understandable.	
	ORBA	We find the proposed changes to the requirements of AT-C section 105, <i>Concepts Common to All Attestation Engagements</i> ; AT-C section 205, <i>Examination Engagements</i> ; AT-C section 210, <i>Review Engagements</i> ; and AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> are clear and understandable. Furthermore, the proposed application material will be helpful to practitioners in applying the proposed requirements, should they be finalized.	
	GAO	We believe that the proposed revisions to the existing requirements are clear and understandable and that the application material is helpful in supporting the application of those requirements.	
	NASBA	NASBA believes that the proposed changes to the attestation standards are understandable and the application guidance is helpful in applying the new proposed requirements.	
	Kearney	We agree with the proposed changes in the exposure draft.	
	SL	The proposed changes related to examination and review engagements are understandable and the application guidance will be helpful in applying the new requirements. The proposed changes that include no longer requiring a written assertion from the responsible party when the practitioner is reporting directly on the subject matter as well as an adding a statement to the report about independence are understandable. We also believe the application guidance as drafted will be understandable and the application guidance is very useful for practitioners in applying the new proposed requirements	
	TIC	TIC believes the proposed changes related to examination and review engagements are understandable and the application guidance will be helpful in applying the new proposed requirements.	

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	NASBA	NASBA believes that the proposed changes to the attestation standards are understandable and the application guidance is helpful in applying the new proposed requirements.	
	Kearney	We agree with the proposed changes in the exposure draft.	
	SL	With respect to paragraph .A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210, do the application paragraphs provide sufficient guidance to enable a practitioner to supplement or expand the content of the practitioner's report if the practitioner wishes to do so? If not, what additional guidance is needed? With respect to the referenced sections, the application paragraphs provide sufficient guidance to enable to practitioner to supplement or expand the content of the practitioner's report if the practitioner wishes to do so.	
	TIC	TIC believes the proposed changes related to examination and review engagements are understandable and the application guidance will be helpful in applying the new proposed requirements.	
	FICPA	The Committee believes the proposed changes are understandable and the application guidance is helpful in applying the new proposed requirements.	
Effective Date Request for Comment 7			
Supports or is not opposed to proposed effective date and prohibition on early implementation	RSM	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.	
	Virginia	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. Regarding the prohibition on early implementation, we are supportive. If early implementation was permitted, we believe that the resulting diversity in reporting would create confusion amongst practitioners (thus potentially lowering quality) and confusion in the marketplace, which would not be in the public interest.	
	Illinois	The Committee supports the effective date for reports dated on or after May 1,	

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	Society	2020 (early implementation not allowed), which would allow practitioners the time to focus on addressing other major changes in professional and financial reporting standards (e.g., revenue recognition, leases, etc.).	
	TSCPA	We are supportive of the proposed effective date and agree with the prohibition on early implementation, which might be confusing for recipients of limited assurance reports. For example: regulatory entities that are users of these types of reports would receive reports for the same period for both the old and proposed standards, making comparability nearly impossible.	
	ALGA	The effective date seems appropriate. We agree that early implementation should be prohibited to help ensure consistency amongst the work performed by practitioners and the reports issued.	
	PBTK	Although we ordinarily would support early adoption of any new reporting standard, for reasons set forth in the ED, we agree with the Proposal to prohibit early implementation and set an effective date no sooner than May 1, 2020	
	NASBA	NASBA is supportive of the proposed effective date, including the prohibition on early implementation.	
	TIC	TIC agrees that an effective date for reports dated on or after May 1, 2020 is reasonable.	
	BDO	We support the proposed effective date as described in the proposed SSAE, which is for reports dated on or after May 1, 2020. Additionally, we agree that early implementation should not be permitted.	
	ORBA	ORBA does not oppose the proposed effective date. We understand and accept the ASB's reason for prohibiting early implementation of the proposed revised AT-C sections.	
	A-LIGN	A-LIGN agrees with the effective date and prohibition of early implementation. A-LIGN believes that the early adoption of certain changes, particularly in the area of AUP engagements, could lead to confusion for the users of the reports.	
	Kearney	We agree with the proposed effective date, specifically the prohibition on early implementation	
	SL	An effective date for reports dated on or after May 1, 2020 is reasonable.	
	FICPA	We believe the proposed effective date of on or after May 1, 2020 with early implementation not permitted is appropriate to prevent reports issued under the old and revised standards in the marketplace at the same time. Additionally, the date should provide sufficient time for education to be provided to the marketplace on changes and for practitioners to evaluate and address their processes.	

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	FICPA	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. We also agree that no early implementation should be permitted to avoid the appearance of variety and inconsistency in practice.	
	OSCPA	The committee is supportive of the prohibition on early implementation to prevent differing reports in the marketplace concurrently.	
	NYSSCPA	The Society does not oppose the proposed effective date. We understand and accept the ASB's reason for prohibiting early application of the proposed revised AT-C sections	
Supports the proposed effective date	HW	We support the proposed effective date (reports dated on or after May 1, 2020).	
Should allow early implementation	TIC	Due to the fact that this ED will result in greater flexibility for practitioners, TIC would like to offer practitioners the option to early adopt to be able to better service their clients. However, TIC understands some of the practical considerations and potential confusion in the marketplace that could occur if some firms early adopt while others do not. In any case, TIC prefers that the effective date be no later than May 1, 2020	
	GT	We do not see an issue with early adoption and are supportive of not precluding such an approach	
	SL	... we would suggest that the standard permit early adoption.	
Consider a June 30 year end date.	GAO	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. We agree that early implementation would create potential confusion between engagements performed under the current standards and the proposed standards.	
	Michigan OAG	Given the 2018 edition of <i>Government Auditing Standards</i> will be effective for attestation engagements for periods ending on or after June 30, 2020, we request the Board consider whether it is feasible to establish a similar effective date. 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.	
Provide sufficient time for practitioners to	NSAA	We believe the effective date should be dependent on when the Board finalizes and issues the final standard. The Board should allow practitioners enough time to review and update their	

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update their procedures		procedures to ensure reports issued by the effective date are in compliance. For the reasons provided in the exposure draft, we agree with prohibiting early implementation.	
	OSCPA	The committee felt that an effective date of one year after the proposal is finalized would be needed to allow sufficient time for internal process updates and to educate clients and the public about the changes	
Effective date should be deferred; doesn't allow sufficient time to update implementation guidance.	PWC	<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.</p> <p>We therefore recommend the effective date be set no sooner than 24 months from the time the ASB issues the revised standards.</p> <p>We agree early implementation should be prohibited for the reasons cited in the Explanatory Memorandum.</p>	
	BT	In order to avoid marketplace confusion, we believe that prohibiting early implementation is appropriate. We also believe that the proposed effective date should be extended to 18 months after the date that the revised attestation standards are issued in order to allow practitioners sufficient time to update their attest methodologies.	
	GT	As noted above, we do support a measured approach to finalizing the standard and recognize that the areas of proposed changes, if adopted, are significant and therefore we support providing ample time for adoption. Therefore we would recommend an effective date of no earlier than reports issued after December 15, 2020.	
	D&T	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.	

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	BAS	If significant changes are made to the extant attestation standards, the AICPA should provide at least a year for (1) practitioners to receive proper training on the revisions and for firms to update their guidance and (2) the AICPA to educate the marketplace regarding the substantial revisions to attestation services. Further, I believe it is appropriate to prohibit early implementation in order to limit marketplace confusion.	
Opposes establishing a final effective date at this time.	E&Y	We do not believe an effective date should be finalized at this time given the significance of the proposed changes. We believe the ASB should conduct a post-implementation review of the clarified attestation standards and perform outreach to report users (e.g., FEI, industry trade organizations) before setting an effective date for the proposal. After the effective date is set, we believe early adoption should be permitted for any changes that are driven by market demand.	
Effective date not relevant because commenter opposes adoption of SSAE or believes it requires further deliberation.	NJCPA	The Group does not believe that this Exposure Draft has adequately considered and addressed the implications of some of the proposed amendments, and does not support adoption of these standards. Therefore, a response as to the proposed effective date is not relevant.	
	KPMG	In consideration of our belief that the Proposed Standard will need further deliberations, we do not provide a view on the proposed effective date.	
Miscellaneous			
Structure and syntax of ED is cumbersome and confusing.	PICPA	While the committee appreciates the development of this Proposed Statement on Standards for Attestation Engagements – <i>Clarification and Recodification</i> , 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 topics included appear dense, and could be broken up into future proposals for review.	
If proposed SSAE is issued, AICPA will need to update its interpretive publications on a timely basis			
AICPA will need to update interpretive	D&T	D&T believes that if the proposed SSAE is finalized as exposed, it would result in several AICPA Interpretations, Guides, Statements of Position, and Technical Questions and	

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guidance on a timely basis		<p>Answers that would require updating. Paragraph 21 of AT-C 105 in the ED states that “the practitioner should consider applicable interpretive publications in planning and performing the attestation engagement.” Further, paragraph 22 of AT-C 105 in the ED states that “[i]n applying the attestation guidance included in an other attestation publication, the practitioner should, exercising professional judgment, assess the relevance and appropriateness of such guidance. . . .” It would therefore be imperative that these publications are updated in a timely manner. We believe that this will require a concerted effort on the part of the AICPA staff and the ASB, and recommend that appropriate planning take place in advance of the release of any final SSAE. Even if the updates were to occur in a timely manner, D&T believes that repeated revisions to the publications will cause confusion and will result in inconsistent application of the guidance by practitioners.</p> <p>For example, by eliminating certain extant requirements in AT-C 215 (such as the request for a written assertion), this would necessitate revising the related publications as interpretive guidance may not impose <u>requirements</u> that extend beyond that which is already defined as a presumptively mandatory requirement in the attestation standards i.e., the requirements may no longer exist in the finalized SSAE (for example, paragraphs .17-.19 of Statement of Positions 17-1, <i>Performing Agreed Upon Procedures Related to Rated Exchange Act Asset-Backed Securities Third-Party Due Diligence Services as Defined by SEC Release No. 34-72936</i>, issued October 2017, that specifically address the required written assertion by the responsible party).</p>	

Topics Covered in “Comments Relevant to AT-C 105”

- Definitions
- Change from the term *review engagement* to *limited assurance engagement*
- Preconditions
- Internal audit and specialists
- Documentation

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Comments Relevant to AT-C-105, Concepts Common to All Attestation Engagements			
Paragraph No./ Topic	Commenter	Comment	Response to Comment
1 In the first paragraph, reinstate the notion of an assertion	GT	We noted that a parenthetical phrase, “(hereinafter referred to as an assertion)” that is included in extant is not in the proposal. We believe this parenthetical provides necessary clarification since the proposal still allows for a practitioner to report on an assertion, and the notion of assertion is sprinkled, albeit inconsistently, throughout the AT-C sections. Therefore, we recommend reinstating it to this paragraph	Added this phrase as a proposed change.
2 Delete last sentence which indicates practitioner’s [attestation] report is intended to enhance degree of confidence users can place in subject matter; commenter believes that is not true of AUP reports.	GT	We disagree with the inclusion of the last sentence of this paragraph. Since AT-C Section 105 also applies to agreed-upon procedures engagements, we believe it’s inappropriate to imply that a practitioner’s agreed-upon procedures report is “intended to enhance the degree of confidence that intended users can place in the subject matter.” A practitioner’s agreed-upon procedures report includes procedures and findings makes quite clear that no assurance is being given on the subject matter. Therefore, we recommend deleting the last sentence of this paragraph.	Deleted the last sentence of par. 2.
Definitions			

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Comments Relevant to AT-C-105, Concepts Common to All Attestation Engagements			
Paragraph No./ Topic	Commenter	Comment	Response to Comment
10 Definition of criteria	GT	<p>Based on our recommendation to eliminate “criteria” from proposed AT-C Section 215, we believe additional revisions would be necessary in AT-C Section 105 to clarify that suitable and available criteria is limited to examinations and review engagements. The current application guidance already lends itself more toward examinations and reviews and does not seem relevant in the context of an AUP.</p> <p>Further, we note that our recommendations above, if accepted by the Board, would have implications for AT-C Section 105, such as changes to the definitions and other matters.</p>	<p>Revised par. 2 of AT-C 105</p> <p>Revised the definition of criteria in par. 10 of AT-C 105 as shown below.</p> <p><u>In an examination or review, the</u> benchmarks used to measure or evaluate the underlying subject matter.</p>
10a Definitions Change the term <i>examination</i> to <i>reasonable assurance engagement</i> .	RSM	We suggest the board consider adopting the term “reasonable assurance engagement” instead of “examination” because use of the term “reasonable assurance engagement” would be (a) consistent with the proposed use of the term “limited assurance engagement,” which is important for clarity in the marketplace; (b) consistent with the terminology used under International Standards for Attestation Engagements, which is important in today’s global economy; and (c) more descript than the undefined term “examination.”	Did not make this change
	D&T	The approach to align with the definitions in ISAE 3000 (Revised) was also not consistently followed by the ASB as it relates to the use of the term “examination engagement.” The ASB determined to retain the extant use of “examination engagement” (see paragraph 10 of AT-C 105 in the ED), instead of replacing it with “reasonable assurance engagement” (see paragraph 12 of ISAE 3000 (Revised)). This inconsistent approach will likely lead to confusion among practitioners and intended users alike.	
10 Definition of <i>misstatement</i>	GT	In addition, we believe the decision not to adopt “subject matter information” and “underlying subject matter” results in further misalignment of the proposed objectives with the defined term “misstatement” reflected in proposed AT-C Section 105, <i>Concepts Common to All Attestation Engagements</i> . We foresee similar operational challenges because the definition of misstatement does not make sense when only the phrase “subject matter” is used. We respectfully request that the Board reconsider its decision not to adopt “subject matter information” and “underlying subject matter” in the proposed standards. By adopting the two terms from ISAE 3000, we believe the Board can develop clearer requirements that align with the objectives of the engagement and other defined terms provided in the proposed standards	
10	GT	In addition, we believe the decision not to adopt “subject matter information” and “underlying subject matter” results in further misalignment of the proposed objectives with the defined	Added the term <i>subject matter</i>

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Comments Relevant to AT-C-105, <i>Concepts Common to All Attestation Engagements</i>			
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Supports use of the terms <i>subject matter information</i> and <i>underlying subject matter</i>		term “misstatement” reflected in proposed AT-C Section 105, <i>Concepts Common to All Attestation Engagements</i> . We foresee similar operational challenges because the definition of misstatement does not make sense when only the phrase “subject matter” is used. We respectfully request that the Board reconsider its decision not to adopt “subject matter information” and “underlying subject matter” in the proposed standards. By adopting the two terms from ISAE 3000, we believe the Board can develop clearer requirements that align with the objectives of the engagement and other defined terms provided in the proposed standards.	<i>information</i> , and its definition to AT-C 105 and elsewhere, as applicable. Retained the term <i>subject matter</i> and its extant definition, which is the same as the definition of <i>underlying subject matter</i> in ISAE 3000. In response to a request from the ASB at its January 2019 meeting, to explain the difference between subject matter and subject matter information, added paragraph .A19 to AT-C 105.
10 and 11 Opposes change in definition of <i>responsible party</i> and use of the generic term <i>appropriate party</i>	PWC	<p>We recognize the ASB chose to use the term “appropriate party” to accommodate circumstances in which the engaging party and the responsible party are different. In our view, the current structure of the requirements in the AT-Cs, which specifically address those circumstances, is more clear than moving to using a more generic term throughout the AT-Cs. We do not support the proposed changes.</p> <p>In our view, the language in the extant definition that “if the nature of the subject matter is such that no such party exists, a party who has a reasonable basis for making a written assertion about the subject matter may be deemed to be the responsible party” should be retained. We believe the concept of a responsible party taking responsibility for the subject matter is an essential part of any attestation engagement, and is necessary to align with independence requirements. We appreciate the clarification in the definition that the responsible party is a party other than the practitioner.</p>	The definition of responsible party in the ED is “The party responsible for the subject matter, which is a party other than the practitioner.” Did not add “If the nature of the subject matter is such that no such party exists, a party who has a reasonable basis for making a written assertion about the

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Comments Relevant to AT-C-105, Concepts Common to All Attestation Engagements			
Paragraph No./ Topic	Commenter	Comment	Response to Comment
			subject matter may be deemed to be the responsible party.”
11 Disagrees with use of the generic term <i>appropriate party</i>	BAS	Proposed AT-C section 105 introduces the concept of ‘appropriate party’ and states that it refers to “the responsible party, the engaging party, or both, as appropriate.” This multitude of possibilities makes it difficult to comprehend which party is actually being referred to throughout all proposed sections and, accordingly, may trip practitioners up in attempting to comply with certain requirements (e.g., they may believe that it pertains to the engaging party when they should have applied the requirement to both the engaging party and the responsible party).	Replaced the term <i>appropriate party</i> with the term that is used in the extant AT-C section (either EP or RP). Used the term <i>appropriate party</i> if that term was used in the extant AT-Cs.
8d Engagement letter Differentiate the responsibilities of the RP from those of the appropriate party	GT	We found the Board’s use of different terms at various points in this paragraph to be confusing. The lead-in to the sub-bullets refer to the “appropriate party” whereas the first sub-bullet refers to the “responsible party” specifically. In order to make responsibilities more clear, we recommend the Board separate responsibilities that can be attributed to an “appropriate party” from those attributed specifically to the “responsible party.” We did not find the application guidance added as .A4 in the proposed standard to be helpful in navigating this issue. We believe the existing construct that more clearly delineates the responsibilities when the engaging party is not the responsible party is much more understandable.	
	Hunter	The term “ Appropriate Party ” has also replaced the term “responsible party” on several accounts, which made us feel the need to move the term’s definition on Par. .10 in a bolded text to clearly distinguish the difference between both terms.	
Repeat definitions of <i>attestation engagement, limited assurance engagement, and agreed-upon procedures engagement</i> in AT-C sections 205, 210, and 215.	Hunter	Restate the definitions of “Attestation Engagement,” “Limited Assurance Engagement,” and “Agreed-Upon Procedures Engagement” on pages 27 to 28 at the beginning of each section (ATC Sections 205, 210, and 215) for the reader’s convenience. Due to the length of this particular exposure draft, it would be simpler to restate the definition regarding the specific topic at the proper section. For example, the definition for “Examination Engagement” would be restated in AT-C Section 205. This way the user does not have to go back to the very beginning of the 400 page resource. Although a basic definition is offered at the beginning of each section, the definitions used in the introduction were more detailed. Thus, we believe adding the same definition used in the introduction within the entirety of the paper will be of great use to all users. All definitions should be added, especially major terms such as “Attestation Engagement,” “Limited Assurance Engagement,” etc.	
Change from the term <i>review engagement</i> to <i>limited assurance engagement</i>			

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Comments Relevant to AT-C-105, *Concepts Common to All Attestation Engagements*

Paragraph No./ Topic	Commenter	Comment	Response to Comment
10 Approves of the change in the term <i>review engagement</i> to <i>limited assurance engagement</i>	NJCPA	The Group appreciates the ASB's efforts in drafting this proposal, and in particular we fully support the proposed introduction of the term "limited assurance engagement." We are, however, concerned with the pace of change from the Board in this matter. We note that the attestation standards were codified in 2017 and believe that an update is not necessary at this time.While the Group is in agreement with some of the specific proposed changes to the attestation standards as detailed in the responses below, overall we agree with a number of the dissenting opinions that there is no need to change the standards at this time. Additionally, we believe that the changes to the Agreed Upon Procedures ("AUP") standards in AT-C section 215 amount to the addition of a new line of service. If the Board wishes to add services, that should be accomplished under a new standard, not by wholesale modification of the standards underpinning the AUP engagements. Lastly, our Group believes that the present AUP standards are functioning well and thus do not require any changes.	Despite the fact that many commenters supported the change in terminology from <i>review engagement</i> to <i>limited assurance engagement</i> , the ASB decided not to make this change, primarily because many laws and regulations call for a review engagement and it is unlikely that laws and regulations will change to reflect the ASB's proposed change
	CohnReznick	We support the concept of changing the term "review" to "limited assurance engagement." Such provides the marketplace additional clarification as to the nature of the engagement.	
	NCSCPA	The Committees support this change and agree that it would help to reduce confusion. Implementation of this change would not pose significant challenges and would not require any additional guidance.	
	CLA	We are supportive of the changes in terminology from a review engagement to a limited assurance engagement because we believe it will better differentiate the services being provided under ARC Section 90 and AU- Section 930 with those performed under the attestation standard. In addition, we believe more explicitly describing the types of procedures that may be performed provides greater flexibility for the practitioner to determine the nature and extent of procedures that will be sufficient and practical to obtain limited assurance to support the practitioner's report on the subject matter.	
	RSM	We believe the proposed changes to AT-C section 210, <i>Review Engagements</i> , are understandable and that the related application guidance is helpful in applying the new proposed requirements. Changing the term "review engagement" to "limited assurance engagement" more appropriately reflects the fact that the subject matter of such engagements may be nonfinancial. The clarification regarding the type of procedures a practitioner may perform in a limited assurance engagement appropriately correlates with the possibility of the subject matter being nonfinancial	

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Comments Relevant to AT-C-105, Concepts Common to All Attestation Engagements			
Paragraph No./ Topic	Commenter	Comment	Response to Comment
	Hunter	We agree to the name change of <i>review</i> to <i>limited assurance engagement</i> . This change in terminology will aid clients and external users to realize that a <i>limited assurance engagement</i> does not provide the same level of assurance as an audit examination. The new term will hopefully alleviate any confusion concerning attestation terminology. However, the name change of <i>review</i> to <i>limited assurance engagement</i> may result in inconsistencies between audit terminology. For instance, the profession does not call an examination by its level of assurance. An examination engagement is not called a “high level of assurance engagement.” A suggestion would be to go into greater depth in Section 105 emphasizing the various levels of assurance between engagements. This explanatory information could be placed either under the definition section or as an objective of the section	
	GAO	We support the decision to change the term <i>review</i> to <i>limited assurance</i> .	
Doesn't object to ASB's proposal to change the term "review engagement" to "limited assurance engagement"	E&Y	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, Review of Financial Statements; reviews of interim financial information under AU-C 930, Interim Financial Information), which could create confusion about what is included in a review engagement	
Opposes change of the term <i>review</i> to <i>limited assurance engagement</i> unless that term is used for all standards that address review engagements.	KPMG	The term <i>review engagement</i> is widely recognized and is used consistently in other professional standards such as PCAOB AS 4105, Reviews of <i>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 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.	Despite the fact that many commenters supported the change in terminology from <i>review engagement</i> to <i>limited assurance engagement</i> , the

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Comments Relevant to AT-C-105, *Concepts Common to All Attestation Engagements*

Paragraph No./ Topic	Commenter	Comment	Response to Comment
	GT	Although we support more closely converging the proposed standard with ISAE 3000 with regard to certain terminology and requirements, we do not support the Board’s proposal to change the name of a “review engagement” to a “limited assurance engagement.” While the latter phrase may be a more relevant term in explaining the nature of the engagement, the benefit of changing the term may not be worth the expected challenges associated with attempting to explain that nothing but the name has changed. We understand that the applicable AICPA boards may consider aligning the other sets of standards with this nomenclature, but we believe it is unlikely that the Public Company Accounting Oversight Board would consider changing the name of interim reviews performed in accordance with PCAOB standards. Therefore, it would be confusing to create, within the U.S. jurisdiction, a different term that means the same thing when the existing term is used by a different standard setter. We believe creating such an unnecessary inconsistency would not be helpful to the profession and would ultimately create confusion for financial statement preparers and users.	ASB decided not to make this change, primarily because many laws and regulations call for a review engagement and it is unlikely that laws and regulations will change to reflect the ASB’s proposed change
	PWC	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.	
	D&T	In addition, the ASB has also not been consistent in its approach when amending the proposed SSAE for revised terminology. The Board elected to use a newly defined term “limited assurance engagement” (see paragraph 10 of AT-C 105 in the ED and paragraph 12 of ISAE 3000 (Revised)) instead of “review engagement” (see extant paragraph 10 of AT-C 105). While guidance was provided to indicate that a limited assurance engagement may be referred to as a review, this amendment is likely to cause the practitioner to question if the change in the definition has additional implications for an ongoing review engagement.	

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Paragraph No./ Topic	Commenter	Comment	Response to Comment
10b Definitions Revise the definition of <i>limited assurance engagement</i>	ALGA	To improve readability on page 27 paragraph .10b. consider modifying the definition of limited assurance engagement to read as follows: <i>Limited assurance is obtained when the practitioner has obtained sufficient appropriate evidence to reduce attestation risk to a level that is appropriate as the basis for the practitioner’s conclusion about whether any material modification should be made to the subject matter in order for it to be in accordance with (or based on) the criteria or to the assertion in order for it to be fairly stated. The appropriate level of attestation risk needed to obtain limited assurance is greater than it would need to be for an examination engagement.</i>	
16 and 18b Materiality Use the terms <i>underlying subject matter</i> and <i>subject matter information</i> in these paragraphs	GT	We found these paragraphs to be additional instances where closer convergence with ISAE 3000 and the use of separate terms “underlying subject matter” and “subject matter information” would make this requirement more operational. The notion of convergence is discussed in detail in the body of our letter.	
Preconditions			
25b Preconditions Independence RP party should take responsibility for subject matter itself,	D&T	Subtopic 1.297.010 of the Code stipulates that the “covered member needs to be independent with respect to the responsible party(ies), as defined in the SSAEs.” In turn, paragraph 10 of AT-C 105 in the ED defines a responsible party as “[t]he party responsible for the subject matter, which is a party other than the practitioner.” This concept is fundamental to accepting an attestation engagement and is critical in the determination of independence by the practitioner. In extant paragraph 25a of AT-C 105 when establishing that the preconditions for an attestation engagement are present, the practitioner determines that “[t]he responsible party is a party other than the practitioner and takes responsibility for the subject matter.” D&T agrees with the precondition requirement of extant AT-C 105 as it is aligned with the concepts in the Code, as well as the definition of responsible party in AT-C 105 in the ED. In the ED one of the preconditions for an attestation engagement was amended as follows (amendments shown in bold text and strikethrough): “ Whether the responsible party is a party other than the practitioner and takes responsibility for the subject matter in accordance with (or based on) the criteria. ” The addition of the phrase “in accordance with (or based on) the criteria” is contrary to the defined term and goes to the measurement or evaluation of the subject matter in accordance with (or based on) the criteria (and the resulting outcome). It does	To accommodate engagements in which only the practitioner has measured or evaluated the subject matter against the criteria, added the following phrase to clarify the RP’s responsibility: “or if only the practitioner has measured or evaluated the subject matter against the

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Paragraph No./ Topic	Commenter	Comment	Response to Comment
		not address the foundational requirement that the responsible party should take responsibility for the subject matter itself. As drafted, it is conceivable that the responsible party may not take responsibility for the subject matter, but rather would take responsibility only for the measurement or evaluation of the subject matter based on the criteria. We do not believe this was the ASB’s intent in proposing to amend the wording of the precondition, and instead we recommend that the ED revert to the extant requirement.	criteria, takes responsibility for the subject matter.”
25b Precondition		We recommend clarifying the phrase added “in accordance with or based on the criteria’ as we believe it is confusing in the context of whether the responsible party is actually making an assertion to that effect. If the Board adopts the recommendation to integrate the notion of subject matter information, perhaps that would assist in providing context for what is meant by the phrase.	
25 Add a precondition to par. 25 regarding whether there is a rational purpose for the engagement	GT	<p>We recommend adding a precondition to this paragraph that is similar to that found in paragraph .24(b)(vi) of ISAE 3000, which states the following:</p> <p style="padding-left: 40px;">A rational purpose including, in the case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance. ISAE 3000.A56 contains relevant application guidance to this paragraph, which we believe would be beneficial to practitioners in operationalizing the new standards and considering whether a particular engagement would be appropriate in the circumstance for the practitioner to associate himself/herself with.</p> <p>We suggest rewording 25(c)(iv.) to simplify the requirement- “The practitioner’s opinion, conclusion, or findings will be included in a written practitioner’s report in a form appropriate to the engagement.</p>	<p>Did not make this change. The concept of a <i>rational</i> purpose is too subjective and the practitioner’s expectation to be able to obtain a meaningful level of assurance.is covered by par. 25(c) iii. “The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner’s opinion, conclusion, or findings,..”</p> <p>Made this change.</p>

Internal audit and specialists

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Comments Relevant to AT-C-105, Concepts Common to All Attestation Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
39 Provide additional guidance re inquiries of internal audit and specialists	KPMG	While we acknowledge the proposed requirements in AT-C 205.15 and AT-C 210.13 to make inquiries of internal audit and specialists is from ISAE 3000(Revised), we believe additional guidance is necessary as to what such inquiries should include, particularly if not directly relevant to the subject matter of the examination or review.	Open
Documentation			
40 Documentation Retention rights of practitioner	ALGA	To improve clarity and support for the engaging party, consider addressing retention requirements that can be incorporated into contracts with the engaging party within the requirement and/or guidance section(s) at paragraph .40 on page 54. Although contracts with the engaging party could be inferred in paragraph .40, adding an explanation to specifically address retention requirements that are included in a contract with the engaging party would be beneficial. For example, the guidance could address that practitioners' procedures may address any record retention requirements agreed to in contracts with the engaging party	Open

Topics Covered in in "Comments Relevant to AT-C 205"

- Issues related to practitioner being the only measurer or evaluator
- Representation letter
- Use of term *appropriate party* to designate the engaging party, the responsible party, or both
- Representation regarding whether the responsible party has measured or evaluated the subject matter
- Eliminating the required report modification when practitioner is unable to obtain one or more representations
- Guidance on expanding the content of the report
- Prohibition on reporting on assertion when misstatements exist.
- Adding a statement to the report regarding the practitioner's independence
- Referring to the work of a specialist in the practitioner's report
- Determining whether the responsible party has a reasonable basis for its assertion
- Other

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
Issues related to practitioner being the only measurer or evaluator			

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Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
Opposes amendments to AT-C 205	D&T	D&T does not support the proposed amendments to AT-C 205 and AT-C 210 in the ED. The proposed SSAE is not clear in describing the objectives of the engagements being performed in accordance with its requirements (nonattest and attestation engagements), and it is unlikely that the practitioner will understand the differing work-effort implications of the services that are being performed. D&T believes the unintended consequences of certain of the revisions to existing examination and review engagements have not been appropriately addressed. As a result, we are concerned that the proposed SSAE does not provide the appropriate framework to enable the practitioner to consistently execute high-quality attestation engagements.	
8f and A10 If an assertion is required, the engagement letter should include an acknowledgement that the RP will provide an assertion	GT	<p>.A10 We believe the following portion of paragraph .A10 is more appropriate to include as a requirement instead of application guidance. If a written assertion is relevant to the engagement and will be obtained, the responsible party should be required to acknowledge that responsibility. This would then align the terms of the engagement section with the requirement at proposed paragraph .61 in the reporting section. Suggested edits to the proposed language are provided in bolded italics and strikethrough.</p> <p style="padding-left: 40px;">For engagements in which an assertion is obtained (for example, the assertion is required by law, regulation, or contract, or the practitioner is reporting on management's assertion), or otherwise deemed necessary, the practitioner may should include in the engagement letter the responsible party's acknowledgement that it will provide the practitioner with a written assertion that covers the entire relevant period(s).</p> <p>In addition, we recommend adding as application guidance to this requirement the guidance currently in extant paragraph .A6 of AT-C section.</p> <p>Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner's report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons' responsibilities for the subject matter as a whole. Accordingly, the requirement for the practitioner to request a written assertion from the responsible party to acknowledge its responsibility to provides, and subsequently provide, a written assertion that covers the entire relevant period(s) still applies.</p>	<p>Made this a requirement in par. 8h.</p> <p>Added this paragraph as par. A11</p>

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
15 Inquiries The terms responsible party and engaging party, rather than <i>appropriate party</i> , should be used to designate who the practitioner should make inquiries of	GT	We note this as another instance where the Board intermingles the use of “appropriate party” and “responsible party.” As noted previously, we believe this creates confusion with regard to how the practitioner is expected to operationalize this requirement and request the Board to clarify its intentions by separating requirements applicable to each party or consistently using the same term. For this paragraph specifically, it is unclear whether the Board intends for the practitioner to make these inquiries of all parties involved, such as the engaging party and responsible party or whether it’d be sufficient for the practitioner to make these inquiries of just the engaging party.	Replaced <i>appropriate party</i> with <i>responsible party</i> .
24-31 Procedures are too prescriptive to accommodate both (1) engagements in which only the practitioner measures the subject matter and (2) engagements in which the RP also measures the subject matter .	GT	<p>In considering the various sections of proposed AT-C Section 205, we identified areas where the level of prescription is not conducive to a standard that is intended to accommodate both when the practitioner measures the subject matter against the criteria and when a party other than the practitioner does the measuring. Because of this level of prescription, we believe practitioners will struggle implementing the requirements, particularly in engagements where the practitioner measures the subject matter against the criteria.</p> <p>In this regard, we note the sections listed below are areas where the requirements are too prescriptive. Further, we note that many of these sections contain requirements that are difficult to implement when considered in the context of an engagement where the practitioner performs some or all of the measurement:</p> <ul style="list-style-type: none"> · Tests of controls · Procedures other than tests of controls · Analytical procedures performed in response to assessed risks · Procedures regarding estimates · Sampling <p>ISAE 3000, in our view, is more principles-based and provides an appropriate framework for allowing practitioners to use judgment in determining which procedures are appropriate to obtain sufficient evidence that supports an opinion or conclusion considering the wide variety or criteria that may be the subject of an attestation engagement. Therefore, we believe that the Board should consider removing these sections from the proposed standard, and we ask the Board to reconsider these concepts that were brought in during the clarity project. We submit that those paragraphs, though arguably relevant when comparing an examination to an audit engagement, would be difficult to implement in the flexible framework being proposed.</p>	<p>Added par. 3 to AT-C 105: which includes the following sentence:</p> <p>This section may be applied to attestation engagements in which only the practitioner has measured or evaluated the subject matter against the criteria by adapting and supplementing the attestation standards as necessary in the engagement circumstances.</p>

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		Accordingly, we strongly encourage the Board to evaluate whether those standards are truly necessary. If the Board ultimately believes the requirements and guidance are necessary and useful, we urge the Board to revise the requirements and/or to move these sections to the application guidance to address the operational problems described above.	
62e A89 Independence concerns	BAS	Paragraph .A89 states that the practitioner may include a statement in the report that the responsible party did not measure or evaluate the subject matter in accordance with the criteria but fails to provide any guidance as to what other party performed such measurement or evaluation. As discussed earlier, the practitioner should not assume such responsibility because of potential independence issues that such initial measurement or evaluation could create under existing independence standards.	AICPA staff has consulted with PEEC regarding independence on several occasions. See the results of those discussions on page 100.
Representation Letter			
50ai When reporting on the assertion, add a representation that the RP is responsible for the assertion,	VA	This paragraph only acknowledges [responsibility for the subject matter] for an examination based on subject matter. We suggest the Board consider adding a representation for the responsible party to take responsibility for its assertion, if applicable.	Made this proposed change
A67 Add a representation that the EP is not aware of deficiencies in internal control.	BAS	I recommend adding a representation that the engaging party is not aware of any deficiencies in internal control.	Open
Use of term <i>appropriate party</i> to designate the engaging party, the responsible party, or both			
50 Disagrees with use of the term <i>appropriate party</i> ; should identify the party from whom the representation	D&T	D&T also noted that in many instances the ASB reverted to using "appropriate party" in the context of requesting management representations in the ED; we do not concur with this approach. During the clarity project it was determined that there was <u>confusion</u> as to what written representations were applicable to the engaging party or the responsible party respectively. A specific decision was made by the prior Board to separately identify from whom the written representations should be obtained. D&T believes that by once again merging or blending the parties from whom written representations should be	Replaced the term <i>appropriate party</i> with the term used in the extant AT-Cs (either EP or RP). Retained the term <i>appropriate party</i> if that term is

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
should be requested (EP or RP)		requested will cause inconsistency and confusion when applied in practice, and contradicts a conscious and deliberate decision recently made by a previous Board (and supported by the ASB’s stakeholders).	used in the extant AT-Cs.
	PWC	We do not believe the potential implications of the changes have been fully vetted by the ASB. For example, we are concerned with the extent of changes to eliminate reference to specific roles and use of the broad term “appropriate party.” We believe it is important to be clear as to the roles and responsibilities of the responsible party, as the concept of a responsible party is important in the consideration of independence, and specific representations must be obtained from the responsible party. We believe the approach in the current standards - which sets out requirements for the engaging party and addresses circumstances in which the engaging party is different from the responsible party - is clear and should be retained	
	KPMG	<p>While we appreciate that the responsible party may not always be the engaging party, we believe the existing construct of SSAE No. 18 generally works and would benefit from more specificity with regard to the identification of the responsible party. The notion of a responsible party is fundamental to the practitioner’s evaluation of independence.</p> <p>Consequently, we believe the use of the terms “responsible party” and “engaging party” is preferable to the term “appropriate party”. The Proposed Standard has many instances where it is unclear as to whether the appropriate party can be the engaging party or responsible party, and inconsistency in usage of the terms within the Proposed Standard may create confusion for both the practitioner and the parties to the engagement with respect to who is ultimately responsible and for what. Examples to assist practitioners in the determination of an appropriate responsible party would facilitate both consistency in practice and in how independence is evaluated.</p> <p>We believe that written representations from all parties to the engagement is important to attestation engagements, and therefore it would be clearer to specifically indicate which required representations are relevant to the different parties.</p>	
	GT	The Board’s objective with portions of this requirement is unclear because, in certain lead-ins to the sub-bullets, it refers to the “appropriate party” whereas, in the sub-bullets, it may refer to the “responsible party.” We request the Board to clarify its intentions by separating requirements applicable to each party or consistently using the same term. We did not find the	

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
		application guidance added as .A61 in the proposed standard to be helpful in navigating this issue. We believe the existing construct whereby a separate requirement contains the required representations when the engaging party is not the responsible party is much more understandable.	
Representation letter 50d The “responsible party” rather than the “appropriate party” is responsible for making disclosures.	VA	We believe this part should apply specifically to the responsible party rather than the appropriate party, since an engaging party would never be able to make these disclosures. [The disclosures referred to are i. all deficiencies in internal control relevant to the engagement of which the responsible party is aware; ii. its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter; and iii. other matters as the practitioner deems appropriate.]	Changed <i>appropriate party</i> to <i>responsible party</i> for these representations
52 Disagrees with change from requirement to application guidance for practitioner to obtain specific written representation from EP when not RP.	PWC	Paragraph 52 of AT-C section 205 has been changed from a prescriptive list of required representations expected from an engaging party to an overall requirement to obtain written representations from both the responsible party and the engaging party. We believe these specific required representations from the engaging party should be retained in light of the evidence such representations provide, especially if the practitioner will no longer be required to obtain a written assertion.	Revised par. 50 so that it only contains representations requested of the RP. Reinstated the separate paragraph in the extant AT-Cs for required representations from an EP that is not the RP (par. 51).
Requesting a representation from the responsible party about whether a party other than practitioner has measured or evaluated the subject matter			
Response to Comment 2			
50f Supports adding required representation about whether a party other than the practitioner has measured or	E&Y	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).	Did not make this change because one of the objectives of the ED was to enable the practitioner to report when the RP is unable to measure or evaluate the subject

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
evaluated the subject matter If RP does not represent that it has measured or evaluated the subject matter against the criteria, practitioner should withdraw from examination or disclaim an opinion			matter against the criteria.
50f Supports requiring practitioner to request a representation about whether a party other than the practitioner has measured or evaluated the subject matter	NJCPA	The proposed added requirement calls for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria. The Group agrees that the responsibility for determining whether the subject matter has been measured or evaluated against the criteria belongs to the responsible party, and that therefore requiring a written representation is appropriate.	
	FICPA	The Committee believes the proposed changes as related to the addition of a new requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria, and to determine whether management has a reasonable basis for its assertion when management does provide an assertion, are understandable and the application guidance is helpful in applying the new proposed requirements.	
	CohnReznick	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.	
	NCACPA	The Committees agree with this proposed change. Added representation from the engaging party provides increased confidence about the sufficiency of the procedures performed by the practitioner and provides increased confidence in the adequacy of the results on the part of third party users. The Committees also believe implementing this change would not pose any significant challenges and would not require any additional guidance.	

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	RSM	We agree with the proposed changes requiring the practitioner to (a) request a written representation stating whether the subject matter has been measured or evaluated against criteria and (b) determine whether management has a reasonable basis for its assertion when management provides an assertion. We believe these proposed changes to the attestation standards are understandable.	
	BDO	Proposed guidance within AT-C 205 and AT-C 210 would require the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria and, if so, the results of that measurement or evaluation. We believe such a representation is appropriate.	
		We have no problem with this requirement	
	HW	We support the ASB's proposed changes that affect both examination and review engagements, specifically the requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria and the requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion	
50f	Michigan OAG	We agree with the proposed changes to require the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria, to require the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion, and to allow the practitioner to expand the report beyond the minimum report elements required by AT-C sections 205 and 210. We considered the proposed guidance as understandable and have no suggested edits. Regarding paragraphs .A81 and .A68, we consider the proposed guidance as sufficient to enable the practitioner to supplement or expand the report.	
	OSCPA	The committee agrees with the requirement to request a written representation stating whether the subject matter has been measured or evaluated against the criteria.	
	Hunter	We support the requirement for the practitioner to request written representation stating the subject matter has been measured or evaluated against criteria. This proposed change improves the quality of examination and review engagements because it improves accountability of the responsible party by ensuring the subject matter under review has been evaluated against appropriate criteria and requiring the results of the evaluation to be shared with the practitioner	

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Paragraph No./ Topic	Commenter	Comment	Response to Comment
	VA	In the absence of a requirement for the responsible party to provide a written assertion, we agree with adding a requirement for the responsible party to represent whether the subject matter has been measured or evaluated against the criteria.	
50f Supports requiring practitioner to request a representation about whether a party other than the practitioner has measured or evaluated the subject matter but believes practitioner's report should indicate whether the appropriate party measured or evaluated the subject matter.	NYSSCPA	Paragraph 205.50f of proposed AT-C 205, <i>Examination Engagements</i> , and paragraph 210.34f of proposed AT-C 210, <i>Limited Assurance Engagements</i> , read, "State 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 results of that measurement or evaluation." The Society agrees that a representation should be obtained from the appropriate party stating who has measured and evaluated the subject matter against the criteria as outlined in proposed AT-C 205.50f and AT-C 210.34f and the related application guidance. In those situations, when the practitioner is asked to report on the responsible party's assertion or to request an assertion, we are not opposed to such a statement being made in the practitioner's report.	
	NASBA	Because the proposed Statement no longer requires the written assertion and permits the reports of these engagements for general use, NASBA believes there should be a requirement to explicitly state in the report whether the appropriate party has measured or evaluated the subject matter against the criteria. Such a requirement would reduce the possibility of misunderstanding the practitioner's role with regard to the subject matter.	Open:
50f Disagrees with requirement for practitioner to request a representation about whether a party other than the practitioner has measured or evaluated the subject matter	A-LINE	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. In most examination engagements, A-LIGN believes that it would not be appropriate to have a client (typically the responsible party) sign off on having measured the subject matter against the criteria and that assertion letters should continue to use the same language and guidance provided within the original SSAE 18 standard.	The RP would not be asked to represent that the RP had measured or evaluated the subject matter if the RP had not done so.
Disagrees with premise of attestation engagement in which	BAS	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. Further, how could a practitioner possibly perform a limited assurance engagement if someone	Did not make this change because one of the objectives of the ED was to enable

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
the RP does not measure or evaluate the subject matter against criteria		hadn't already performed the measurement or evaluation? That's like saying the practitioner can half measure something and issue a limited assurance report. Further, I agree with the independence concerns raised by a number of the ASB members who dissented to exposure of these proposed changes to the 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.	practitioner reporting when the RP is unable to measure or evaluate the subject matter against the criteria.
Practitioner should request a representation from the RP taking responsibility for both the subject matter and the subject matter being prepared in accordance with (or based on) the criteria. Prefers ISAE 3000 representation confirming the measurement or evaluation of the underlying subject matter against the applicable criteria	PWC	Under the clarified AT-Cs, the written representation was focused on the responsible party's assertion about the subject matter based on the criteria. We believe the practitioner should always obtain written representations from the responsible party taking responsibility for both the subject matter and the subject matter being prepared in accordance with (or based on) the criteria. We believe the intent of the revised requirement is, in the absence of an assertion from the responsible party, to describe who has measured and evaluated the subject matter and the results of that measurement or evaluation. However, the language used in AT-C section 205.50 is confusing since it is attempting to address all types of attestation engagements, including direct engagements. We note ISAE 3000.56 focuses on the appropriate parties "confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information." We prefer this construct, in addition to a specific representation from the responsible party taking responsibility for the subject matter.	To accommodate engagements in which only the practitioner has measured or evaluated the subject matter against the criteria, added the following phrase to clarify what the RP takes responsibility for: "or if only the practitioner has measured or evaluated the subject matter against the criteria, takes responsibility for the subject matter."
Eliminating required report modification when practitioner is unable to obtain one or more representations Request for Comment 3			
54 Supports eliminating required report modification when practitioner is unable to obtain one or more	NSAA	We agree with eliminating the requirement for report modification when the practitioner is unable to obtain one or more requested written representations. The proposed changes are understandable, and the application guidance is helpful in applying the new proposed requirements	.
	BAS	I have no objection to the proposed changes to AT-C section 205 for the practitioner's response to situations in which requested written representations are not obtained	

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
representations	NJCPA	The proposed statement would eliminate the required report modification in the event the practitioner is unable to obtain one or more requested representations. The group agrees with permitting the practitioner to use professional judgement in determining whether sufficient appropriate evidence has been obtained to preclude a scope limitation leading to a modified opinion.	
	ORBA	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.	
	FICPA	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.	
	HW	We support the ASB's proposed changes to eliminate the required report modification resulting from the practitioner's inability to obtain one or more requested written representation. We support the Board's efforts to align the attestation guidance with AU-C section 580, <i>Written Representations</i> .	

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
	Hunter	We believe the modification to AT-C Section 205 paragraph .A68 helps clarify the responsibility of the practitioner when a written representation is not provided or deemed unreliable, as described in paragraph .54. We affirm the decision to enhance the practitioner’s use of professional judgment when considering the effect of the representation omission on their reported opinion. This revision would align the AT-C Examination Engagement treatment of omitted written representations to both the AU-C section 580, <i>Written Representation</i> , as well as aid in the convergence with ISAE 3000.	
	RSM	We agree with the elimination of the required report modification resulting from the practitioner’s inability to obtain one or more requested written representations. We believe the practitioner should be permitted to use professional judgment in determining whether sufficient appropriate evidence about the matter addressed by the representation has been obtained by performing other procedures. This approach is consistent with the requirements of AU-C 580, <i>Written Representations</i> .	
	GAO	We support the elimination of the required report modification when the practitioner cannot obtain one or more of the requested written representations. We believe that the proposed changes are understandable and the application guidance is helpful.	
	PWC	As outlined in our response to Request for Comment 1, we believe there are circumstances in which the practitioner may not be able to obtain either an assertion or a written representation from the responsible party (e.g., when the responsible party is not the engaging party). We therefore support allowing for the possibility that written representations may not be received from the responsible party, and for practitioner judgment to be applied to determine the impact on the engagement based on the facts and circumstances. We agree in some circumstances that an oral representation could suffice.	
	BT	We believe the proposed additional guidance in paragraphs .A68 - .A70 of AT-section 205 regarding situations in which the practitioner is unable to obtain one or more written representations will be helpful to practitioners as they determine the effect of this scope limitation on their opinion	
54 Supports practitioner using judgment in determining effect on <i>opinion</i> when practitioner is unable to obtain one or more representations	BDO	The proposed SSAE revises paragraph .A64 of extant AT-C Section 205, to permit the practitioner to use professional judgment in determining whether sufficient appropriate evidence has been obtained by performing other procedures when the responsible party fails to provide one or more written representations. (Extant paragraph .A64 states that failure by the responsible party to provide one or more written representations results in a scope limitation). While we believe a written representation should be obtained when practicable, we agree with the guidance included in the proposed application paragraphs to paragraph .54 that permits the use of professional judgment in determining whether sufficient appropriate	

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		evidence about a matter addressed by a missing written representation has been obtained by performing other procedures.	
	Michigan OAG	We agree with the proposed change to allow the practitioner to use their professional judgment to determine whether they have obtained sufficient appropriate evidence in the absence of a written representation. We consider the guidance understandable and offer no suggested edits.	
	CLA	We are supportive of the proposed changes which allow the practitioner to use professional judgment in this area which better aligns with AU- section 580, <i>Written Representations</i> , and IS AE 3000.	
	SL	It's appropriate to permit the practitioner to use professional judgement to determine whether sufficient evidence is present absent one or more written representations. These changes are understandable and the application guidance is helpful.	
	VA	We believe eliminating the requirement for report modification when the practitioner is unable to obtain written representations appropriately provides the practitioner flexibility to apply judgment in circumstances such as those illustrated in par. .A69.	
Supports practitioner's judgment in determining effect on opinion but this introduces risk of inconsistency in application	ALGA	We agree that by allowing the use of professional judgement in determining whether sufficient appropriate evidence is obtained when the practitioner's inability to obtain one or more requested written representation allows for flexibility for differing situations that can occur. Nevertheless, we would like to acknowledge that by allowing flexibility there is a risk of inconsistency in application.	
Provide transparency in practitioner's report by communicating whether or not written representations were obtained from the RP and EP.	PWC	Similar to our comments on the lack of an assertion, we believe the practitioner should consider whether transparency in the practitioner's report to explain whether or not written representations were obtained from both the responsible party and, where different, the engaging party, would be appropriate.	Open
54 Supports practitioner using judgment in determining effect on opinion when	PBTK	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	Did not make this change because it might be difficult to determine whether the RP is unable or

Comments Relevant to AT-C 205, Examination Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
practitioner is unable to obtain one or more representations, but only if the EP or RP is unable to make the representation.		<p>assertion but only when, for a credible reason, the responsible party is unable to make a requested representation.</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 consideration of withdrawing from the engagement if the matter cannot be resolved satisfactorily.</p>	unwilling to make the representations.
Opposes eliminating required report modification when practitioner is unable to obtain one or more written representations.	NCSCPA	The Committees believe that if there is an occasion where the engaging party is either unable or unwilling to make written representations about the subject matter, it generally will decrease the confidence on the part of the practitioner in the relevance, accuracy, and completeness of the information received from the engaging party that was examined by the practitioner. While the Committee does not agree with the proposed change, the overall feeling is that most, if not all, CPAs would continue to conclude that this lack of written representation constitutes a scope limitation based on professional judgment which would mean this proposed change would actually have minimal impact on examination reports. The Committees feel additional guidance would be necessary.	Noted
	KPMG	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.	Open
	TSCPA	We do not believe that this will enhance the value of an attestation engagement. If the client's representation is not obtained, it puts the practitioner in a position of greater liability. We understand the attempt at convergence of audit standards. However, it is our position that the requirement to obtain management representation should be retained in order to protect the users of the attestation report.	This change was not made.

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Paragraph No./ Topic	Commenter	Comment	Response to Comment
54, A68, A69, 47 Opposes eliminating required report modification when practitioner is unable to obtain specified representations. Practitioner should disclaim or withdraw when RP does not provide the specified representations	E&Y	We disagree with the ASB's proposal to eliminate the required report modification when (1) the responsible party refuses or is unable to acknowledge in writing its responsibility for the subject matter in accordance with (or based on) specified criteria or (2) the responsible party refuses or is unable to represent in writing that it has provided the practitioner with all relevant information and access, as agreed upon in the terms of the engagement. We believe that in these situations, the practitioner should disclaim an opinion on the subject matter or withdraw from the engagement, which is consistent with the requirements in the audit standards.	This change was not made.
54, A68, A69, 47 Opposes eliminating required report modification when practitioner is unable to obtain one or more written representations. Inconsistent with AU-C 580 which assumes the engaging party is the responsible party.	CohnReznick	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 obtaining all required written representations should preclude an unmodified opinion.	This change was not made.
	D&T	D&T believes that written representations constitute an essential part of the body of evidence the practitioner should consider when formulating the opinion during an examination engagement. In forming that opinion, the practitioner is required to evaluate the sufficiency and appropriateness of the evidence obtained. If the responsible party fails to provide one or more of the written representations, that constitutes a scope limitation.	This change was not made.

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Paragraph No./ Topic	Commenter	Comment	Response to Comment
		<p>We do not concur with the assessment in the Explanatory Memorandum that the proposed changes in the ED are consistent with AU-C section 580, <i>Written Representations</i> (AU-C 580). Firstly, AU-C 580 is predicated on the assumption that management (or those charged with governance, as applicable) is both the engaging party <u>and</u> the responsible party. Secondly, paragraph 3 of AU-C 580 states that “[w]ritten representations are necessary information that the auditor requires in connection with the audit of the entity’s financial statements.” Further, paragraph 4 of AU-C 580 indicates that written representations “complement other auditing procedures and do not provide sufficient appropriate audit evidence on their own about any of the matters with which they deal.” The Explanatory Memorandum indicates that if a written representation is not obtained, the practitioner may use professional judgment in determining whether sufficient appropriate evidence may be obtained by performing other procedures. We do not believe that is a correct interpretation of the professional literature, as AU-C 580 is clear that certain written representations are necessary information to be obtained and complement audit evidence obtained through the performance of other auditing procedures, and consequently are required to be obtained.</p> <p>The reporting implications addressed in AU-C 580 are bifurcated depending on what required written representations are not provided by management. Paragraph 25 of AU-C 580 requires the auditor to disclaim or withdraw from the engagement when specific representations (paragraphs 10 and 11 of AU-C 580) are not provided, these include an acknowledgment from management that it has fulfilled its responsibility “for the preparation and fair presentation of the financial statement in accordance with the applicable financial reporting framework” (the equivalent of the representation requested in paragraph 50ai of AT-C 205 in the ED). The guidance in paragraph A34 of AU-C 580 pertains to the required representations in paragraphs 12-18 of AU-C 580 and states that “[m]anagement’s refusal to furnish written representations constitute a limitation on the scope of the audit” and “may cause an auditor to disclaim an opinion or withdraw from the engagement when withdrawal is possible under applicable law or regulation. However, based on the nature of the representations not obtained or the circumstances of the refusal, the auditor may conclude that a qualified opinion is appropriate.”</p> <p>The ED addresses the matter when a written representation is not provided to the practitioner in two ways: <i>Engaging Party</i> (paragraph A68 of AT-C 205 in the ED)</p>	

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		<p>While the wording in paragraph A68 of AT-C 205 in the ED is broadly consistent with paragraph A34 of AU-C 580, paragraph A68 of AT-C 205 in the ED is specific only to the engaging party (i.e., it is not applicable to the responsible party [where the responsible party is different from the engaging party]). The construct is therefore different from AU-C 580 where the requirements and guidance are applicable to both the engaging party and the responsible party. In addition, the ED does not have the equivalent of paragraph 25 of AU-C 580 where the practitioner would be required to withdraw if specific representations are not provided.</p> <p><i>Responsible Party</i> (paragraph A69 of AT-C 205 in the ED) Paragraph A69 of AT-C 205 in the ED, which is applicable only to the responsible party (i.e., where the responsible party is different from the engaging party), is drafted in such a manner that the practitioner may conclude the required requested representations in paragraph 50 of AT-C 205 in the ED are not necessary evidence. We believe the reference to the scope limitation (paragraph 47 of AT-C 205 in the ED) is specific to the practitioner not having access to evidence needed to support the opinion, and as a result we believe it is conceivable that the practitioner may conclude that sufficient appropriate evidence to support an unmodified opinion can otherwise be obtained, without certain required representations being provided by the responsible party.</p> <p>Further, the guidance indicates that in certain circumstances outlined in paragraph A69 of AT-C 205 in the ED, the practitioner may need to “reconsider whether the responsible party is able or willing to take responsibility for the subject matter.” The guidance does not address if there are any additional implications when the practitioner concludes that the responsible party cannot take the required responsibility.</p> <p>D&T also notes in paragraph A69 of AT-C 205 in the ED that the practitioner may not have access to responsible party evidence to support the practitioner’s opinion. In these circumstances, the practitioner is directed to paragraph 47 of AT-C 205 in the ED that addresses the resulting reporting implications when a scope limitation exists. The reporting implications allow for the practitioner to express a qualified opinion, disclaim an opinion, or withdraw. However one of the preconditions for an attestation engagement as stated in paragraph 25 of AT-C 105ciii in the ED is that the practitioner should, based on preliminary knowledge of the engagement circumstances and discussions with the appropriate party, determine whether the “practitioner expects to be able to obtain the</p>	

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		<p>evidence needed to arrive at the practitioner’s opinion . . . including access to all information of which the appropriate party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter . . . and unrestricted access to persons within the appropriate party from whom the practitioner determines it necessary to obtain evidence.” D&T believes that permitting the practitioner to conclude, in such circumstances, and issue a modified opinion as indicated in the ED is contrary to the intent of the established preconditions. We believe that withdrawal should be the only available option to the practitioner.</p> <p>It is our perspective that extant AT-C 205 continues to appropriately address the various reporting implications when the requested written representations are not provided or not reliable. We do not believe the approach in the ED of blurring the lines between the engaging party and the responsible party provides transparency to the practitioner as to the required procedures or actions, nor is it readily understandable and we recommend reverting to extant AT-C 205.</p>	
Divided as to whether the RP’s failure to provide all of requested representations constitutes an automatic scope limitation.	NYSSCPA	<p>The Society was unable to reach consensus as to whether the responsible party’s failure to provide all of the requested written representations constitutes an automatic scope limitation resulting in a modified opinion. Some of our members are of the opinion that the inability to obtain one or more representations from the responsible party precludes the issuance of an unmodified opinion. These members assert that in addition to a report modification, the practitioner should also be given the option of withdrawing from the engagement if the matter cannot be resolved satisfactorily. Other members agree that the circumstances of the responsible party’s refusal to provide one or more written representations and the amount and quality of other available evidence should be considered when determining any possible effect on the opinion in the practitioner’s report.</p> <p>The Society was able to agree that any refusal by the engaging party to provide one or more written representations that cannot be resolved should preclude the issuance of an unmodified opinion.</p>	
Unlikely that practitioners will conclude that an unmodified opinion should be issued.	A-LIGN	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.	Noted

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Lack of specificity regarding types of representations not obtained that could result in a qualified opinion as opposed to a disclaimer of opinion	ORBA	However, we do not believe that this scenario is sufficiently well developed in the application material in paragraph. A68 of AT-C section 205, which merely says, “However, based on the nature of the representations not obtained or the circumstances of the refusal, the practitioner may conclude that a qualified opinion is appropriate.” While ORBA believes that the concept is appropriate, we think that the lack of specificity as to the types of representations not obtained that could result in a qualified opinion as opposed to a disclaimer of opinion could lead some practitioners to erroneously reach the wrong opinion in their examination reports. Accordingly, we request that the ASB look at paragraph .A68 again to determine if they can develop application material that is more user-friendly. The current language in the proposed standard is fine, but we think it needs to be expanded upon through examples or other such material.	Open
Provide application guidance <ul style="list-style-type: none"> • for situations in which practitioner is unable to obtain one or more requested written representations. • on how practitioner determines whether the practitioner has sufficient appropriate evidence when unable to obtain one or more representations. (A68) 	NASBA	NASBA believes the proposed changes are understandable but recommends application guidance when the practitioner is unable to obtain one or more requested written representations.	Open
	NASBA	The proposed Statement eliminates the long-standing requirement to modify the report when the practitioner is unable to obtain requested written representations, and permits the practitioner to use professional judgment in determining whether sufficient appropriate evidence has been obtained by performing other procedures. Although the current proposed application guidance provides circumstances in which the practitioner may be unable to obtain the requested written representation, it does not explain how a practitioner might determine that sufficient appropriate evidence has been obtained in such situations. NASBA recommends adding application guidance to assist the practitioner in making this determination.	A representation is not evidence
A69 Additional guidance needed	PWC	We believe, however, that more guidance may be necessary in relation to paragraph A69 of the proposed AT-C section 205 that the practitioner may need to “reconsider whether the responsible party is able or willing to take responsibility for the subject matter.” If the responsible party does not take responsibility for the subject matter, either by providing an assertion or a representation, this likely has implications from an independence perspective.	Open
A68 Expand application	Hunter	We suggest the guidance to enable a practitioner to modify their opinion, if felt compelled to do so, with regards to the new change. We propose offering instructions to assist the practitioner	Open

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guidance and include examples of how practitioner determines effect on opinion when unable to obtain one or more representations.		<p>in determining which omissions of the written representations, presented in .A67, warrant the highest scrutiny and would have the greatest influence on altering the practitioner's opinion if omitted. This information should be included, in order of significance, within paragraph .A68.</p> <p>For example, the omittance of required representation d.; "State that the engaging party is not aware of any material misstatements in the subject matter or assertion" in .A67, would be a clear indicator of inappropriate disclosure between the engaging party and the practitioner. This should be an immediate red flag that indicates additional investigation and communication between the parties be performed. We believe additional guidance over omissions would benefit the overall quality of Examination Engagements.</p>	
Guidance on expanding the content of the report Request for Comment 2			
59 A81 Practitioner always has the option of expanding the content of the report.	TSCPA	It is our understanding that the practitioner has always had this option	
	E&Y	We agree that the clarified standards already allow the practitioner to add information to the practitioner's report that goes beyond the minimum report elements required by AT-C 205 and 210. We have no objections to the proposed application guidance.	
	NJCPA	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 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.	
	NCSCPA	The Committees agrees with this proposal. Since there is no change in the practitioner's required obligations, this serves only to provide additional clarification to current guidance. The Committees feel logistically that very little would change in examination and review engagements so no additional guidance would be necessary.	
59 A81 Additional guidance on expanding the	Illinois Society	The additional ability of the practitioner to add information to his or her report beyond the minimum report elements is understandable and the application guidance is helpful. The application material discussing the practitioner's ability to supplement or expand the content of his report is sufficient.	

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content of the report is sufficient.	TIC	TIC believes that with respect to paragraph.A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210, the application paragraphs provide sufficient guidance to enable the practitioner to supplement or expand the content of the practitioner's report if the practitioner wishes to do so. TIC does not think additional guidance is necessary.	
	FICPA	Specifically with respect to paragraph .A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210 regarding the practitioner's ability to add information to the practitioner's report that goes beyond the minimum report elements required by those sections, the Committee believes that the application paragraphs provide sufficient guidance to enable a practitioner to supplement or expand on the minimum required report elements to include information or explanations that are not intended to affect the practitioner's opinion or conclusion but that may address the information needs of the intended users. We do not believe any additional guidance is necessary to help achieve adherence to those new proposed requirements.	
	Hunter	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.	
	BT	With respect to paragraph.A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210, we believe that the application paragraphs provide sufficient guidance to enable a practitioner to supplement or expand the content of the practitioner's report if the practitioner wishes to do so. We appreciate the Auditing Standards Board's (ASB) willingness to add this application guidance as many times adding content to the practitioner's report of the nature described in the application guidance is requested by the engaging party or is considered by the practitioner to be useful in enhancing the users' understanding of the engagement and / or subject matter.	
59, A81 No concerns or objections to guidance on expanding the content of the report	TSCPA	We have no concerns about the proposed guidance.	
	PBTK	We have no objections to the proposed provisions of AT-C 205.A8 I and 21 0.A68 that would enable a report that expands on or supplements the minimum required report elements to include information or explanations that are not intended to, and do not appear to, affect the practitioner's opinion or conclusion but that may address information needs of the intended users, providing such additional information is not misleading or unsupported.	

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	PWC	Because nothing in the standards today precludes us from doing so, we do not object to the SSAE acknowledging that a report could expand or supplement the minimum elements, which is consistent with ISAE 3000.A160	
59, A81 Supports guidance on expanding the content of the report	ORBA	<p>The ASB has specifically asked for comments on paragraph .A81 of proposed AT-C section 205, <i>Examination Engagements</i>, and paragraph .A68 of proposed AT-C section 210, <i>Limited Assurance Engagements</i>. These application paragraphs provide appropriate guidance as to the types of matters the practitioner might include in his or her report. However, we believe that additional guidance should be added either in the application material or to the illustrative reports to provide an example of what sort of phrasing the practitioner should adopt to clarify that the additional information is not intended to detract from the opinion. We believe such sample language would be helpful to practitioners, especially those practitioners from smaller firms.</p> <p>Furthermore, ORBA believes that the addition of paragraphs .A81 to AT-C section 205 and .A68 to ATC section 210 will be helpful to most practitioners in drafting their reports. Although the extant standards do not preclude the addition of such supplemental or explanatory information, we believe most practitioners would not think to include such information without the proposed application paragraphs. There may be many instances when additional explanatory information would be useful to the users of the report, therefore, we believe that the addition of the application paragraphs referenced above will assist practitioners in identifying when such circumstances might exist. Finally, we believe that the inclusion of these application paragraphs will result in reports that are more informative to their users as more practitioners include additional information about the conduct of the engagement and other engagement specific matters. Clearly, more informative and transparent reports are the current trend in attest and assurance reporting as evidenced by the inclusion of, by requirement or option, key or critical audit matters in both international and U.S. audit reports.</p>	
59 A81 Supports guidance on expanding the content of the report. Consider bold headings in the report to separate such information.	RSM	Given the current trend for transparency in reporting by auditors, we believe it is important for the practitioner to be able to add information to the practitioner's report beyond the minimum report elements required. We believe the ability to supplement the practitioner's report will be especially helpful in the performance of "SOC 2 plus" examinations where the practitioner reports on whether the subject matter is presented in accordance with suitable criteria (e.g., the HITRUST Common Security Framework criteria) in addition to the applicable trust services criteria.	

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		We agree that any information added to the practitioner’s report should be clearly separated from the practitioner’s opinion, and phrased in a manner that makes clear it is not intended to detract from that opinion. While we believe paragraph .A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210 provide clear guidance for a practitioner to properly supplement or expand the content of the practitioner’s report, we also suggest that the application guidance specifically reference the use of headings. The use of bold headings is required in the independent auditor’s report and assists with distinguishing different types of content within the report. We recommend the board consider whether the use of headings in the practitioner’s report should be required or suggested as best practice for all attestation engagements or as a mechanism to separate additional information from the practitioner’s opinion.	
59, A81 Supports guidance on expanding the content of the report.	CohnReznick	We believe the practitioner’s ability to add information to the practitioner’s report that goes beyond the minimum report elements required by AT-C sections 205 and 210 is appropriate and is in the public interest. We believe such is also consistent with the spirit of the proposed changes to the AU-C 700 series and the increased ability of the practitioner to communicate to the user. Overall, we believe the application paragraphs noted above (A81] provide sufficient guidance to enable a practitioner to supplement or expand the content of the practitioner’s report if the practitioner wishes to do so.	
59, A81 Supports guidance on expanding the content of the report. Provide additional examples of the types of information that may be communicated in the practitioner’s report.	BDO	We note that consistent with International Standards on Assurance Engagements (ISAE) 3000 (Revised), <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> , the proposed SSAE provides application guidance explaining that a practitioner may issue a report that contains only the minimum required elements or issue a report that expands on or supplements those elements. Specifically, Paragraph.A81 of proposed ATC Section 205 and paragraph.A68 of proposed AT-C Section 210 explain that in addition to the basic elements, the report may include information or explanations that are not intended to affect the practitioner’s opinion. We support these proposed provisions, which would enable a report to expand on the minimum required report elements to include information or explanations that are not intended to affect the practitioner’s opinion or conclusion but that may address the informational needs of the intended users. To assist practitioners and provide for consistency in implementation, we believe additional examples of the type of information that may be communicated in the practitioner’s report would be helpful, in the form of additional	Open

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		application material or included within an audit guide on the performance of attestation engagements.	
	A-LIGN	A-LIGN understands the proposal regarding adding information to the practitioner's report that goes beyond the minimum elements but would like to see illustrative examples of how this would be applied and the types of information that could be included beyond the minimum report elements required by AT-C sections 205 and 210. A-LIGN agrees with the proposed treatment of this added information included within the opinion letter as it is being handled in the same way "Other Information" has historically been handled in SOC reports - the opinion letter clearly states testing has not been performed and an opinion has not been expressed on these matters.	
59, A81 Supports guidance on expanding the content of the report If EOM paragraph is added to report, clarify that opinion is not modified	VA	We agree with allowing the practitioner the ability to add information to the practitioner's report beyond the minimum report elements required in the standards. However, we believe the proposed standard would benefit from more detailed examples of how an auditor may present the additional information in the report exhibits. In addition, when a practitioner chooses to emphasize a matter in the report, the Board may consider requiring the practitioner to clarify that the opinion is not modified with respect to the matter to avoid any confusion for the report user.	
59, A81 Supports guidance on expanding the content of the report Provide additional guidance regarding what is acceptable to be added to the report, for example, the extent of detail.		We support the following proposed changes to examination and review engagements, with further refinement of the requirements and application material: <ul style="list-style-type: none"> • Reinforcing practitioners' ability for reporting flexibility as included in paragraphs AT-C 205.A81 and AT-C 210.A68 beyond the minimum required reporting elements are generally welcomed. However, without additional guidance on what is meant by "clearly separated and phrased in a manner that makes clear that is not intended to detract from that opinion" we believe the lack of consistency and comparability may result. For example, confusion may be created if a user considers two sustainability review engagement reports on the same subject matter, one of which included a description of procedures performed but the other did not. Both achieved the same level of assurance, but users might incorrectly perceive that the report without detailed procedures provides less assurance. Therefore, the Board should provide additional guardrails around what's acceptable or not for adding to the minimum reporting elements, such as what level of detail would be "acceptable" and situations where such expansion of the report would be expected. 	

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59, A81 Supports guidance on expanding the content of the report. Guidance should indicate that the practitioner may include additional information when the opinion or conclusion is modified	GAO	We suggest that the guidance to provide supplemental or expanded content in the practitioner’s report should clearly indicate that the practitioner may include additional information when the opinion or conclusion is modified. For example, in the government environment when the practitioner disclaims an opinion, we believe that additional reporting, such as on other identified issues, promotes transparency and is clear to the reader.	
59, A81 Supports guidance on expanding the content of the report. Provide more detailed examples in the illustrative reports of how the practitioner may present the additional information	NSAA	Regarding paragraphs AT-C 205.A81 and 210.A68, we agree with allowing the practitioner the ability to add information to the practitioner’s report beyond the minimum report elements required in the standards. However, we believe the proposed standard would benefit from more detailed examples in the report exhibits of how an auditor may present the additional information.	Open
	Kearney	The AICPA could provide clarity addressing whether “additional information” needs to be included in the body of the report or if it can be presented as an appendix or supplement to the report. An illustrative example of the outline or structure of a report when additional information is included would be helpful. Additionally, an illustrative report for an adverse opinion would be helpful.	Open
	KPMG	We support the following proposed changes to examination and review engagements, with further refinement of the requirements and application material: <ul style="list-style-type: none"> • Reinforcing practitioners’ ability for reporting flexibility as included in paragraphs AT-C 205.A81 and AT-C 210.A68 beyond the minimum required reporting elements are generally welcomed. However, without additional guidance on what is meant by “clearly separated and phrased in a manner that makes clear that is not intended to detract from that opinion” we believe the lack of consistency and comparability may result. For example, confusion may be created if a user considers two sustainability review engagement reports on the same subject matter, one of which included a description of procedures performed but the other did not. Both achieved the same level of assurance, but users might incorrectly perceive that the report without detailed procedures provides less assurance. Therefore, the Board should provide additional guardrails around what’s acceptable or not 	Open

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		for adding to the minimum reporting elements, such as what level of detail would be “acceptable” and situations where such expansion of the report would be expected.	
Application guidance is too vague	BAS	I believe that it is appropriate to permit the practitioner to include information beyond the minimum report elements; however, I find the application guidance to be too vague. For example, what details would be acceptable to say about the qualification and experience of the practitioner and others on the engagement or about findings of particular aspects of the engagement? I recommend that the application guidance discuss what types of information would be acceptable for the various topics identified in the cited paragraphs.	Open
59, A81 Supports guidance on expanding the content of the report. Provide an example of the report language that would be used to indicate that additional information is not intended to detract from the opinion. .	NYSSCPA	<p>The ASB has specifically requested comments on paragraph .A81 of proposed AT-C Section 205, <i>Examination Engagements</i>, and paragraph .A68 of proposed AT-C Section 210, <i>Limited Assurance Engagements</i>. The Society supports the proposed provisions, cited above, which would enable a report that expands on or supplements the minimum required report elements to include information or explanations that are not intended to, and do not appear to, affect the practitioner’s opinion or conclusion but that may address the informational needs of the intended users. Such additional information or explanatory language should not be misleading or unsupported by the evidence.</p> <p>The Society is of the opinion that the application paragraphs, referred to above, provide appropriate guidance as to the types of matters the practitioner might include in his or her report. However, additional guidance should be added, either in the application material or to the illustrative reports, to provide an example of what sort of phrasing the practitioner should adopt to clarify that the additional information is not intended to detract from the opinion. Such sample language would be helpful to practitioners, especially those of our members who are from smaller firms without the same resources large firms have for crafting such language.</p> <p>Furthermore, the addition of paragraphs .A81 to AT-C 205 and .A68 to AT-C 210 will be helpful to most practitioners. Although the extant standards do not preclude the addition of such supplemental or explanatory information, most practitioners would not think to include such information without the proposed application paragraphs. There may be many instances when additional explanatory information would be useful to the users of the report. Therefore, the addition of the application paragraphs referenced above will assist practitioners in identifying when such circumstances might exist.</p>	Open

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		Finally, the inclusion of these application paragraphs may result in reports that are more informative to their users as more practitioners include additional information about the conduct of the engagement and other engagement specific matters. More informative and transparent reports are the current trend in attest and assurance reporting as evidenced by the inclusion, or proposed inclusion, of key or critical audit matters in both international and US audit reports.	
59, A81 Delete notion of considering the information needs of intended users	PWC	However, we are concerned that the guidance in paragraph A81 of the proposed SSAE suggests the practitioner needs to consider the information needs of the intended users. We suggest deleting this notion, as it goes beyond the existing scope of an examination or review engagement, and we believe it is the engaging party's responsibility to consider the intended users and their needs. Accordingly, we would prefer the guidance simply acknowledge that the practitioner is not precluded from supplementing the minimum elements in the practitioner's report. The additional information would need to be clearly separated from the practitioner's opinion and phrased in a manner that makes clear that it is not intended to detract from that opinion, as required by paragraph 79 of proposed AT-C section 205.	Open
Prohibition on reporting on assertion when misstatements exist			
60 Disagrees with prohibition on reporting on assertion when misstatements exist.	VA	We are unclear on why a practitioner should not report on a written assertion when the opinion is modified for a material misstatement.	Dirty assertion issue
Adding a statement to the report regarding the practitioner's independence. Request for comment 1			

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62i Supports addition of statement re independence in the auditor's report	HW	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. Practitioners are required to be independent, so adding wording to the report to let the users know that fact is not burdensome.	Conformed the language to that in revised AU-C 700. A statement that the practitioner is <u>required to be independent of the entity and to meet</u> has fulfilled the practitioner's other ethical responsibilities, in accordance with <u>the</u> relevant ethical requirements related to the examination engagement
	CohnReznick	We agree with the concept of adding a statement in the practitioner's report indicating that the practitioner is independent and has fulfilled the practitioner's other ethical responsibilities in accordance with relevant ethical requirements related to the engagement. Such is generally consistent with the proposed changes to AU-C 700 in the audit literature, but also serves as a healthy reminder to practitioners of the importance of independence. However, we do not feel the inclusion of this statement is essential.	
	NCACPA	The Committees agree with the proposed requirement for the practitioner's report to include a statement regarding independence. This requirement aligns with international standards and is consistent with current requirements for financial statement audits, reviews, and compilations where the practitioner represents they are independent. The Committees believe that an independence requirement should be in place for all attestation engagements to increase the amount of confidence users can place on reports without the concern over the impact that any bias on the part of the practitioner would play in the outcome of the results of the procedures performed. The Committees feel this proposed change is understandable and implementation would not pose any significant challenges.	

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	NSAA	We also agree with the provision to include a statement of independence in the practitioner's report specific to the engagement. We consider this alignment with the international standards and proposed auditing standards as beneficial since it maintains consistency between the various standards.	
	OSCPA	The committee also agrees with adding a statement to the practitioner's report regarding independence which is consistent with ISAE 3000 (Revised) and proposed changes to AU-C 700.	
	SL	The proposed changes that include ...adding a statement to the report about independence are understandable. We also believe the application guidance as drafted will be understandable and the application guidance is very useful for practitioners in applying the new proposed requirements.	
	Michigan OAG	We also agree with the provision to include a statement of independence in the practitioner's report specific to the engagement. We consider this alignment with the international standards and proposed auditing standards as beneficial since it maintains consistency between the various standards.	
	NYSSCPA	With respect to the new requirement to add a statement to the practitioner's report that indicates that the practitioner is independent and has fulfilled his or her ethical requirements relating to the engagement, the Society is in favor of this new requirement. 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).	
62i Supports adding statement to the report re independence	ORBA	With respect to the new requirement to add a statement to the practitioner's report which indicates that the practitioner is independent and has fulfilled his or her ethical requirements relating to the engagement, ORBA is strongly in favor of this new requirement. We believe that 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 –</i>	

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		<i>Addressing Disclosures in the Audit of Financial Statements.</i> We believe that the inclusion of the proposed language is important because it emphasizes the practitioner's independence and also highlights, for both users of the report and the practitioners themselves, that the practitioner has complied 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). We are pleased that the ARSC is considering the inclusion of similar independence and compliance with relevant ethical standards language in review reports. However, we would like the ARSC to also consider including this language in those compilation reports with respect to which the accountant is independent. In those instances when the accountant's independence is impaired, we suggest that the ARSC adopt modified language that addresses the accountant's fulfillment of the other relevant ethical requirements. In other words, ORBA supports the addition of this language (or a reasonable modification thereto) in every accountant's or auditor's report covered by the professional literature.	
	FICPA	.. the Committee agrees with the ASB regarding the inclusion of a statement to the practitioner's report regarding independence,	
	TSCPA	We support the proposed addition of a statement to the practitioner's report regarding independence.	
62i Supports adding statement re independence in the auditor's report	RSM	<p>We believe adding to the practitioner's report a statement regarding independence will better align the practitioner's report with those issued under the International Standards for Attestation Engagements (ISAE).</p> <p><i>Examples stating independence in accordance with the AICPA Code of Professional Conduct</i> The new requirement requires the practitioner's report to include a statement that the practitioner is independent and has fulfilled the practitioner's other ethical responsibilities in accordance with relevant ethical requirements related to the engagement. The application guidance states that the relevant ethical requirements consist of the AICPA Code of Professional Conduct together with rules of state boards of accountancy and applicable regulatory agencies, and that relevant ethical requirements may exist in several different sources.</p> <p>Within the proposed SSAE, only two examples of practitioner's reports¹ specifically state compliance with the independence and other ethical requirements of the AICPA Code of Professional Conduct, which is the relevant ethical requirement for all attestation engagements. We believe all of the illustrative practitioner's attestation report examples should include this option, but we believe it should be clarified to be consistent with the related</p>	<p>Conformed the language to that in revised AU-C 700.</p> <p>A statement that the practitioner is <u>required to be independent of the entity and to meet</u> has fulfilled the practitioner's other ethical responsibilities, in accordance with <u>the</u></p>

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		<p>requirements and application guidance as follows (deletions are struck through and additions are noted in bold font):</p> <p>“We have complied with the independence are independent with respect to ABC Company and have fulfilled our other ethical requirements of responsibilities in accordance with the AICPA Code of Professional Conduct established by the AICPA related to the [examination] [limited assurance] [agreed-upon procedures] engagement.”</p> <p><i>Consistency of verbiage in the requirements and the examples</i></p> <p>We also believe the examples should continue to include the more generic option of stating compliance with the relevant ethical responsibilities. The requirement to include a statement regarding independence in the practitioner’s examination report is consistently stated throughout the Exposure Draft as follows2:</p> <p>“A statement that the practitioner is independent and has fulfilled the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.”</p> <p>However, the verbiage used to describe the analogous requirements for agreed-upon procedures and limited assurance engagements is not consistent with this wording. Also, the illustrative reports are not consistent with respect to the exact wording of the statement regarding independence. In the following extracted paragraphs related to this matter, we have proposed revisions, which if adopted, would make (a) the wording in the examples consistent with the related requirements and (b) the wording consistent for all attestation report requirements and examples as appropriate (deletions are struck through and additions are noted in bold font):</p> <ul style="list-style-type: none"> • Examinations – Illustrative practitioner’s examination report examples <ul style="list-style-type: none"> - AT-C Section 205, paragraph .A127, <i>Illustrative Practitioner’s Examination Reports</i> - Examples 1, 2, 3, 5 and 6: “We are independent of with respect to XYZ Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating related to our the examination engagement.” 	<p>relevant ethical requirements related to the examination engagement</p>

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		<ul style="list-style-type: none"> - Example 4: “We are independent of with respect to XYZ Company and ABC Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating related to our the examination engagement.” 	
62i Supports adding statement re independence in the auditor’s report	RSM	<ul style="list-style-type: none"> ▪ AT-C Section 305, paragraph .A42, <i>Illustrative Practitioner’s Examination and Agreed-Upon Procedures Reports Related to Prospective Financial Information</i>, Examination Report Examples 1 and 2: “We are independent of with respect to XYZ Company and have fulfilled our other ethical responsibilities in accordance with the relevant ethical requirements relating related to our the examination engagement.” ▪ AT-C Section 310, paragraph .A25, <i>Illustrative Practitioner’s Reports for Examinations and Limited Assurance Engagements That Address Pro Forma Financial Information</i>, Examination Report Examples 1, 4, 5 and 6: “We are independent with respect to X Company and have fulfilled our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.” ▪ AT-C Section 315, paragraph .A34, <i>Illustrative Practitioner’s Examination and Agreed Upon Procedures Reports Related to Compliance, and Agreed-Upon Procedures Report Related to Internal Control Over Compliance</i>, Examination Report Examples 1 and 2: “We are independent with respect to XYZ Company and have fulfilled our other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement.” ▪ AT-C Section 320, paragraph .A75, <i>Illustrative Service Auditor’s Reports</i> <ul style="list-style-type: none"> - Example 1: “We are independent of with respect to XYZ Service Organization and have fulfilled our other ethical responsibilities in accordance with the relevant ethical requirements relating related to our the examination engagement.” - Example 2: “We are independent of with respect to XYZ Service Organization_x and have fulfilled our other ethical responsibilities_x in accordance with the relevant ethical requirements relating related to our the examination engagement.” 	<p>No change</p> <p>We are conforming with the language used in revised AU-C 700 as shown below:</p> <p>A statement that the practitioner is <u>required to be independent of the entity and to meet</u> has fulfilled the practitioner’s other ethical responsibilities_i in accordance with <u>the</u> relevant ethical requirements related to the examination engagement</p>
62i Supports addition of statement re	ALGA	We agree that adding a statement regarding independence and fulfillment of ethical responsibilities to the practitioner’s report is an important addition. While an affirmative	Open

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<p>independence in the auditor's report</p> <p>Means of clarifying the definition of independence</p>		<p>statement regarding independence and ethical responsibilities is an important addition to the report, the statement "We are independent of XYZ Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our examination" does not tell the user of the report how independence nor how ethical responsibilities is defined or determined.</p> <p>We recognize that it may be difficult to succinctly define independence and ethical responsibilities in the report.</p> <p>Therefore, if providing a definition in the report is not feasible, consider requiring a reference (e.g., the AICPA Code of Professional Conduct) to where a user can learn more about the independence and ethical responsibilities requirements if they choose to do so.</p> <p>Likewise, we suggest that the "relevant ethical requirements" be listed in the report, perhaps as a parenthetical (i.e., the AICPA Code of Professional Conduct, rules of [my state] Board of Accountancy, and [name of applicable regulatory agencies]). Otherwise, the user may be left wondering what the relevant requirements are.</p>	
<p>62i</p> <p>Supports addition of statement re independence in the auditor's report</p> <p>Provide a reference in the report to where independence is defined.</p>		<p>We agree that adding a statement regarding independence and fulfillment of ethical responsibilities to the practitioner's report is an important addition. While an affirmative statement regarding independence and ethical responsibilities is an important addition to the report, the statement "We are independent of XYZ Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our examination" does not tell the user of the report how independence nor how ethical responsibilities is defined or determined.</p> <p>We recognize that it may be difficult to succinctly define independence and ethical responsibilities in the report. Therefore, if providing a definition in the report is not feasible, consider requiring a reference (e.g., the AICPA Code of Professional Conduct) to where a user can learn more about the independence and ethical responsibilities requirements if they choose to do so. Likewise, we suggest that the "relevant ethical requirements" be listed in the report, perhaps as a parenthetical (i.e., the AICPA Code of Professional Conduct, rules of [my state] Board of Accountancy, and [name of applicable regulatory agencies]). Otherwise, the user may be left wondering what the relevant requirements are.</p>	

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62i Supports statement re independence in the practitioner's report. Language should be aligned with wording in the auditor's report	D&T	We believe that adding a statement in the practitioner's report regarding independence and the practitioner's requirement to fulfill other ethical responsibilities in accordance with relevant ethical requirements is both transparent and consistent with the approach currently outlined in the ASB's exposure draft Proposed Statement on Auditing Standards, <i>Forming an Opinion and Reporting on Financial Statements</i> . However, we request that the Board consider the ongoing ASB debate around the wording to be included in the auditor's report, and consider aligning the language in the practitioner's attestation report prior to finalization of any proposed SSAE.	The language has been conformed to the wording in revised AU-C 700
	GAO	We believe that the decision to add a statement to the practitioner's report regarding independence should be consistent with the final decision related to the proposed revisions to the reporting requirements in the ASB's exposure draft <i>Proposed Statement on Auditing Standards, Forming an Opinion and Reporting on Financial Statements</i> . The application guidance is helpful, but it may need to be modified based on the outcome of the noted audit standards exposure draft.	
Supports statement re independence in the auditor's report.	CLA	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. However, we encourage consideration of aligning effective dates of the standards, if possible, to avoid confusion by the users of the different reports. Please also see response to Request for Comment 7.	
62i Divided on addition of statement re independence in the auditor's report	NJCPA	Members of our Group had differing views of the proposed addition of the affirmative statement about independence and fulfillment of the practitioner's other ethical responsibilities to the accountant's report. Some believe this statement adds confusion to what independence means. The practitioner declares their independence with the statement "Independent Accountants' Report" as the heading of the report. Users want practitioners to share more information not more boilerplate statements. Others are seeing report users requesting such language and believe this proposed change to the accountant's report will provide consistency in practice and acts as a protection to the accountant issuing the report.	
Obtain input from PEEC re effect of direct reporting on practitioner's	PBTK	We believe that the inclusion of a statement by the practitioner in the report stating that the firm is adhering to the relevant ethical standards for the engagement would be appropriate and would follow the audit requirements. That said, as suggested in the second preceding paragraph, we doubt if the current independence standards would be met in a "direct reporting"	AICPA staff has consulted with PEEC regarding independence on

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independence		<p>situation without a written assertion by the responsible party. Accordingly, we believe the AICPA's Professional Ethics Executive Committee (PEEC) should be formally asked to weigh in on the effect of the proposed changes on the existing ethical requirements before a final standard is issued</p> <p>We note that the circumstances underlying attestation engagements may differ from the usual relationship between auditors and their clients, since many attestation engagements are of short duration, may involve the use of an accounting firm that does not provide other services to the client and who may not provide other services subsequent to the engagement. This service environment was recognized by the PEEC rule requiring independence of the engagement team and certain others in the servicing office (in certain circumstances), (rather than the firm) since the previously extant ethical standards were deemed unworkable.</p>	<p>several occasions.</p> <p>See the results of those discussions on page 100.</p>
	CohnReznick	Given that several ASB members expressed concerns with how the proposed changes to the attestation standards interact with the AICPA Code of Professional Conduct, we recommend such issues be thoroughly vetted with applicable bodies such as the Professional Ethics Executive Committee (PEEC) to ensure that the issues that small, medium, and large firms may encounter are appropriately vetted before issuing final.	
	PWC	The proposal to make a statement regarding independence raises another concern about direct engagements, in that there could also be challenges in making such a statement when the practitioner is measuring and evaluating the subject matter. If the ASB continues to pursue explicitly acknowledging and permitting direct engagements, we believe continued dialogue between the ASB and PEEC will be necessary. We also believe clarification would be needed in the proposed SSAE, including guidance regarding the language to be used in the practitioner's report, and potentially also in the independence interpretations to accommodate direct engagements	
	PWC	We believe the ASB should further consider the implications and potential implementation challenges of including an affirmative statement that the practitioner is independent and has fulfilled the other relevant ethical requirements in the practitioner's report for examination, review, and agreed-upon procedures engagements, through engagement with the AICPA's Professional Ethics Executive Committee (PEEC) as necessary. For example, we believe it could be appropriate for the report to articulate of whom or what the practitioner is independent (e.g., independent of the responsible party or the subject matter) and the relevant literature that governs the determination of independence.	

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	BAS	While I have no objection to adding a statement regarding independence and other ethical requirements, I do not believe that the proposed change is consistent with ISAE 3000, which requires more explicit references than those contained in the exposure draft. Most report examples in the exposure draft include an explanatory paragraph that merely states “We are independent and have fulfilled our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.” Such language is particularly vague and has little meaning for intended users of the report. Whereas ISAE 3000 requires an explicit reference to the IESBA Code. Interestingly, several limited assurance report examples on corporate responsibility/sustainability reports in proposed AT-C section 210 include a more explicit statement, namely, “We have complied with the independence and other ethical requirements of the Code of Professional Conduct established by the AICPA.” I recommend that the ASB revise the requirement to include a more explicit reference to AICPA standards and consider using a similar statement in all report examples to that used in Examples 5 and 6 in proposed AT-C section 210 (however, please see Comments on Specific Paragraphs section below for concerns regarding other paragraphs included in those two report examples).	The language has been revised to conform with the language in revised AU-C 700.
62i If a statement regarding independence is required in the auditor’s report it should converge with the statement included in POCAOB reports	KPMG	<p>With regard to including a statement that the practitioner is independent and has fulfilled the other ethical responsibilities in the practitioner’s report, our position is the same as expressed in our comment letter response to the proposed changes to the auditor’s report dated May 16, 2018 in which we stated that if such a statement were to be required, the statement should converge with the reporting standards of the Public Company Accounting Oversight Board (PCAOB).</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 (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.</p>	<p>PCAOB report language marked to show proposed attestation language:</p> <p>We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent of the entity and to meet the practitioner’s other ethical responsibilities, with respect to the</p>

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			Company in accordance with <u>the relevant ethical requirements related to the examination engagement U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.</u>
	E&Y	As noted in our comment letter ¹ on the ASB's separate proposed standard on Auditor Reporting and Addressing Disclosures in the Audit of Financial Statements, 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 benefit 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.	No change. The language has been revised to conform with the language in revised AU-C 700.
Guidance is needed for situations in which the practitioner is not	Hunter	We do not object with the addition of a statement regarding the practitioner's independence and fulfillment of ethical responsibilities. Independence is one of the preconditions for an	

¹ Refer to our 15 May 2018 comment letter on the Proposed Statement on Auditing Standards, *Auditor reporting*, and Proposed Amendments, *Addressing disclosures in the audit of financial statements*.

Comments Relevant to AT-C 205, Examination Engagements

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<p>independent but is required by law or regulation to accept the engagement and report</p> <p>Recommended revisions of par. 62, A85 and A96</p>		<p>attestation engagement and should have been inferred by the users of the report, but there will be no harm to explicitly affirm it.</p> <p>However, in an event when the practitioner's independence is impaired, but is still required by law or regulation to accept the engagement and report on subject matter or assertion, the proposed standards did not provide a guidance about a possibility of modification, elimination, or replacement of this statement into another form of disclosure. We recommend that the word independence on the title be omitted and that impairment(s) should be reported in lieu of the proposed independence statement.</p> <p>62a. A title that includes the word independent, <u>unless impaired</u>. (Ref: par..A85) i. A statement that the practitioner is independent and has fulfilled the practitioner's other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement, <u>unless impaired</u>. (Ref: par. .A95--.A96)</p> <p>A85 A title indicating that the practitioner's report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Limited Assurance Report") affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others. <u>When the practitioner is not independent but is required by law or regulation to accept the engagement and report on subject matter or assertion, the word <i>independence</i> on the title should be omitted</u></p> <p>A96 Relevant ethical requirements may exist in several different sources, such as ethical codes and additional rules and requirements within law and regulation. When independence and other relevant ethical requirements are contained in a limited number of sources, the practitioner may choose to name the relevant sources (for example, the name of the code, rule, or applicable regulation, or Government Auditing Standards promulgated by the Comptroller General of the United States) or may refer to a term that appropriately describes those sources. <u>When the practitioner is not independent but is required by law or regulation to accept and report on the procedures performed and findings obtained, the impairment(s) should specifically be stated instead of the independence statement.</u></p>	

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Referring to the work of a specialist in the practitioner's report			
Par. 66 and 80 conflict.	BAS	These paragraphs seem to conflict with each other; paragraph .66 states that "The practitioner should not refer to the work of a practitioner's specialist in the practitioner's report containing a modified opinion" while paragraph .80 makes an exception to that requirement in stating that "When the report is modified, reference to an external specialist is permitted when such reference is relevant to an understanding of the modification". Such conflicting language needs to be addressed.	.80 When the opinion is modified, reference to an external specialist is permitted when such reference is relevant to an understanding of the modification to the practitioner's opinion. <u>The practitioner should indicate in the practitioner's report that such reference does not reduce the practitioner's responsibility for that opinion.</u>
Determining whether the responsible party has a reasonable basis for its assertion			
Request for Comment 2			
60 Believes practitioner has always been responsible for determining whether management has a reasonable basis for its assertion.	TSCPA	We believe that this has always been a responsibility of the practitioner	
60 Supports requirement to determine whether management has a reasonable basis for its assertion.	E&Y	We agree that a practitioner engaged to report on assertions should assess whether the responsible party has a reasonable basis for making an assertion, which is consistent with today's attestation standards. We note that the proposed changes refer to the appropriate party rather than the responsible party and recommend that the language used in the clarified standards remain and	Extant attestation standards do not require the practitioner to assess whether the responsible party has a reasonable basis

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Use terms <i>responsible party</i> and <i>engaging party</i> rather than <i>appropriate party</i>		that the appropriate parties be referred to as the responsible party and the engaging party in any final standard.	for its assertion
60 Supports requirement to determine whether management has a reasonable basis for its assertion.	BAS	I believe it is appropriate for the practitioner to determine whether management has a reasonable basis for its assertion and believe the requirement and application guidance is appropriate.	
	A-LIGN	A-LIGN agrees with the change and requirement that a practitioner determine whether management has a reasonable basis for its assertion when management provides an assertion letter, which, per A-LIGN's response to Comment 1, should be required for examination engagements.	
	CohnReznick	We believe the requirement for the practitioner to determine whether management has a reasonable basis for its assertion, when management provides an assertion, is appropriate and consistent with improved quality on the part of the practitioner.	
	BDO	Additionally, 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.	
	PBTK	We concur with the proposed requirement for the practitioner to determine whether management has a reasonable basis for its assertion.	
	Hunter	We agree with the practitioner's requirement to evaluate management's basis for any assertion provided. This is a fundamental objective to increase reliability of examination and limited assurance engagements and should be included in the proposed SSAE.	
	NYSSCPA	With respect to the proposed requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion, the addition of this requirement enhances the value of the examination or limited assurance engagement. Performing an attestation engagement on an assertion the practitioner believes is unreasonable would appear to be contrary to the public interest. Therefore, this determination should be made as early as is possible in the engagement	
	NCSCPA	The Committees agree with this proposed change. Most practitioners already make an informal assessment of the reasonableness of management's assertions. The Committee	

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		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.	
	ORBA	With respect to the proposed requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion, the addition of this requirement enhances the value of the examination or limited assurance engagement. We believe performing an attestation engagement on an assertion the practitioner believes is unreasonable is contrary to the public interest.	
	FICPA	The Committee believes the proposed changes as related to the addition of a new requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management does provide an assertion, are understandable and the application guidance is helpful in applying the new proposed requirements.	
	VA	We agree with the requirement for the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion.	
60 Provide guidance on documentation of considerations in determining whether management has a reasonable basis for its assertion		Additional guidance would be helpful in terms of outlining specific considerations that need to be made in order to reasonably conclude that management's basis for its assertion appears reasonable. If the proposal requires formal documentation that the practitioner deems management's assertions to be reasonable, there should be similar formal guidelines for the practitioner to use in order to formally document that determination.	Open
60 Provide guidance on procedures practitioner should perform in determining whether management has a reasonable basis for its assertion (e.g., inquiry, inspection).	PWC	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.	
	RSM	The requirement states that the practitioner should use professional judgment in determining whether management has a reasonable basis for making its assertion, but we believe more application guidance would be helpful for the practitioner in this regard. It seems that in determining whether management has a reasonable basis for its assertion, the practitioner would need an understanding of the procedures management performed in making the assertion. The	

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		related application guidance provides an example that in some cases, a formal process with extensive internal control may be needed to provide the measurer or evaluator with a reasonable basis for making its assertion. It would be helpful if the application guidance elaborated on the procedures the board expects the practitioner to perform in determining whether management has a reasonable basis for its assertion (e.g., inquiry, inspection).	
	OSCPA	The committee would like more application guidance regarding the proposed language that requires the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion. While professional judgment is exercised to make this determination, more application guidance defining reasonable basis would be helpful. This application guidance should address whether management's basis could still be considered reasonable if findings in the procedures are noted.	
60 Provide additional guidance to practitioner on what to do if management does not have a reasonable basis for its assertion.	BDO	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.	
60 Opposes requirement to determine whether management has a reasonable basis for its assertion.	NJCPA	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.	
Other			
61 State, at the beginning of AT-C 205 that an assertion is required when reporting on assertion	NSAA	Paragraphs 205.61 and 210.45 – We believe the requirement to obtain a written assertion when opining on an assertion should be incorporated at the beginning of the section to facilitate the planning process for the engagement.	Open
	VA	We believe the requirement to obtain a written assertion when opining to the assertion should be incorporated at the beginning of the section to facilitate the planning process for the engagement	
.A127 Correction of	BAS	Illustrative Practitioner's Examination Reports (Paragraph .A127)	Open

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Illustrative report		<p>Example 4 dropped some language in the first paragraph of the report to illustrate the various examples of subject matter and only refers to the number of widgets sold. I recommend that the omitted text be added back.</p> <p>Example 6 contains some italicized explanations in the middle of the illustrative report. It would appear that such language should have been included in the headnote to the example rather than within the report language itself.</p>	<p>The following additional examples were deleted for simplicity “or tons of coal mined by XYZ Company... or gallons of gas sold in the United States by XYZ Company to ABC Company”</p> <p>Extant AT-C 205 includes the italicized explanations within the illustrative report .</p>
Other topics that the attestation standards need to address	BAS	When the ASB Sustainability Task Force developed the attestation guide on sustainability information, they identified several other areas for which it would be helpful for the attestation standards to address. These included measurement uncertainty, management specialists, consistency and misstatements in previously issued information. It is unfortunate that such topics were not explored and addressed in the exposure draft given the frequency in which such topics are encountered by practitioners. Materiality is another topic that practitioners struggle with in performing attestation engagements and it would have been extremely helpful if the concepts of materiality had been explored further and additional application guidance provided in the exposure draft.	The ASEC Materiality TF is currently considering these issues.
Add guidance in the attestation standards on subsequent discovery of facts and omitted procedures.	KPMG	The attestation standards do not contain the same level of guidance as the auditing standards, particularly around concepts such as subsequent discovery of facts or omitted procedures. We believe that additional guidance is necessary on specific topics that do affect attestation engagements but currently guidance exists only in the auditing standards that is often adapted to the circumstances. To better assist practitioners and drive consistency, we would be happy to work with the Board or a task force it designates to accumulate practice questions and propose solutions for the Board's consideration	Open
AICPA should develop a guide for attestation	NYSSCPA	The Society believes that should the proposed revisions in the exposure draft be approved and codified into the attestation standards, there will be a steep learning curve to the application of the new material, especially the changes affecting agreed-upon procedures engagements. We	

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engagements.		<p>view this learning curve as affecting both practitioners attempting to apply the new standards and the market trying to understand how the revisions are different from the traditional agreed-upon procedures engagement.</p> <p>The AICPA has not, to date, undertaken the development of an Audit and Accounting Guide that addresses the attestation standards in general. Specific Audit and Accounting Guides exist on the topics of sustainability information, SOC 2 reporting on controls at a service organization, and examinations of controls at a service organization relevant to user entities' internal control over financial reporting. In light of the proposed changes to the attestation standards and the strong responses those changes have elicited, such a project would be helpful to practitioners in understanding the subtleties in the exposure draft.</p> <p>Another reason we believe such a project would be valuable is that some practitioners have issues with the extant standards. One area of particular concern to many practitioners involves what constitutes appropriate versus inappropriate procedures in an agreed-upon procedures engagement. Currently, third-party vendors such as Practitioners Publishing Company and others are left to provide that type of guidance. Accordingly, we strongly urge the ASB and AICPA to consider developing such a guide. Additionally, such a guide may benefit practitioners when discussing the alternatives of the revised agreed-upon procedures engagements with their client, so that the client has the best possible understanding of the changes and what they mean to the client.</p>	
	ORBA	<p>We note that the AICPA has not, to date, undertaken the development of an Audit and Accounting Guide that addresses the attestation standards in general. Specific Audit and Accounting Guides exist on the topics of sustainability information, SOC 2 reporting on controls at a service organization, and examinations of controls at a service organization relevant to user entities' internal control over financial reporting. We believe that such a project might be helpful to practitioners in understanding some of the subtleties in the proposed revisions to SSAE No. 18, <i>Attestation Standards: Clarification and Recodification</i>. Additionally, such a project would be valuable to those practitioners who have issues understanding the extant standards. One area of particular concern to many practitioners involves the appropriate versus inappropriate procedures in an agreed-upon procedures engagement. Currently, third-party vendors such as Practitioners Publishing Company and others are left to provide that type of guidance. Accordingly, if the dissenters are truly concerned with clarity, we strongly urge the ASB and AICPA to consider developing such a guide especially in light of the changes proposed in this exposure draft.</p>	<p>Guides are intended to provide guidance on applying the attestation standards to particular types of engagements. For example, the AICPA does not provide a guide for audits in general.</p>

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Place more emphasis in AT-C 205 that an examination is the equivalent of an audit.	Hunter	Place more emphasis in AT-C Section 205 that an “Examination Engagement” is the equivalent of an audit. This info is in the right-hand column titled “Application and Other Explanatory Material.” We believe this info should be placed in the left-hand column titled “Introduction, Objectives, Definitions, and Requirements” to reduce confusion of terminology. We recommend that the definition that states an Examination Engagement is the equivalent of an audit should be moved to the left column, since it is a partial definition. The statement on page 6 of the supplement (Section 105, .A7) that states, “ The practitioner obtains the same level of assurance in an examination engagement as the practitioner does in a financial statement audit ” should also be stated in Section 205.	

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Require an assertion in certain subject matter sections	E&Y	We also believe that a practitioner should be required to request an assertion for examinations related to compliance with laws and regulations, internal controls and prospective financial information. If this assertion is not obtained, we believe the practitioner should be required to withdraw from the engagement or disclaim an opinion on the engagement.	What is it about these engagements that makes an assertion necessary?
Retain required assertion in subject matter sections	PWC	<p>Conforming changes have been proposed to AT-C sections 305, <i>Prospective Financial Information</i>; 310, <i>Reporting on Pro Forma Financial Information</i>; 315, <i>Compliance Attestation</i>; and 320, <i>Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting</i>. Consistent with our response to Request for Comment 1, we do not believe it is appropriate to remove the elimination of the requirement for the practitioner to request a written assertion, given the established nature of these services.</p> <p>With regard to AT-C section 320, we have significant concerns with the new guidance in paragraph 2 that has been added to clarify the applicability of the standard to limit it to circumstances in which a written assertion has been obtained. This could be read as implying practitioners could perform such engagements without obtaining a written assertion and instead apply AT-C section 205. We do not believe the ASB should permit practitioners to perform an examination engagement related to controls at a service organization relevant to</p>	

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		<p>user entities' internal control over financial reporting unless a written assertion has been obtained.</p> <p>Similarly, should the ASB move forward with removing the requirement to obtain a written assertion, we believe the ASB and the Assurance Services Executive Committee will need to give consideration to the SOC suite of services and determine how the interpretive publications address written assertions. Our preference is to retain the model by which the practitioner obtains and reports on management's assertion given the subject matter and acceptance of these engagements today.</p>	
Don't amend subject matter sections	D&T	<p>D&T believes the subject-matter sections should not be amended unless there is a demonstrated market demand for changes to be made or a specific practice issue has been identified that cannot otherwise be resolved through the issuance of guidance.</p> <p>For example, we do not concur with the following significant changes made by the ASB to principles underpinning AT-C section 315, <i>Compliance Attestation</i> (AT-C 315), in the ED, since there currently appears to be no basis for the amendments to this subject-matter section:</p> <ul style="list-style-type: none"> • The elimination of the precondition requirement for management to evaluate the entity's compliance with specified requirements in a compliance examination engagement as evidenced by the tracked amendments to paragraph 9 of AT-C 315 in the ED. • The elimination of the precondition requirement for management to evaluate the entity's compliance with specified requirements or internal control over compliance with specified requirements in a compliance agreed-upon procedures engagement, as evidenced by the tracked amendments to paragraph 22 of AT-C 315 in the ED. • The deletion of the guidance in paragraphs A8 and A29 of AT-C 315 in the ED in which management's responsibilities no longer include "[e]valuating and monitoring the entity's compliance." Given that one can perform agreed-upon procedures related to internal control over compliance, D&T believes that a critical aspect of management's responsibilities is the design, implementation and monitoring of those controls, one of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) components. The monitoring function may provide evidence of the design and operating effectiveness of the controls that are the subject of the practitioner's procedures. • The elimination of the precondition requirement to request a written assertion in a compliance examination engagement, regardless of whether the responsible party 	

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		<p>is the engaging party, is in contradiction with management’s fundamental responsibilities as evidenced by the tracked amendments to paragraph 10 of AT-C 315 in the ED. The guidance in paragraph A8 of AT-C 315 in the ED indicates that one of the responsibilities of management is to identify and comply with the specified requirements. Therefore, it is unclear in AT-C 315 in the ED how management should demonstrate that responsibility, if management is not required to provide a written assertion.</p> <p>D&T notes that the principles highlighted in the examples above existed pre-clarity in extant paragraphs 9 and 10 of AT 601, <i>Compliance Attestation</i> (AT 601), as well as the requirement to “obtain from the responsible party a written assertion about compliance with specified requirements or internal control over compliance” (see extant paragraph 11 of AT 601). By making the amendments outlined in the ED, it is also no longer clear when an engagement would be performed in accordance with AT-C 205 or AT-C 215 and AT-C 315.</p> <p>It is our view that the subject-matter sections should encompass requirements that are determined to be fundamental to that subject-matter engagement. This may necessitate requirements that go beyond AT-C 205, AT-C 210, and AT-C 215, as evidenced by the additional subject-matter specific preconditions that were included in extant AT-C 315. We recommend that the ASB readdress the elimination of the foundational concepts in all the subject-matter sections in the proposed SSAE, as we do not believe adequate outreach has been performed to assess the unintended consequences of making these amendments.</p>	
AT-C 320 Service Organizations			
AT-C 320 Additional description criteria	E&Y	<p>Proposed additional required description criteria to align SOC 1 reports with other SOC reports</p> <p>We believe an additional required description criterion should be added to AT-C 320 to align the required description criteria for Service Organization Control (SOC) 1 reports with the required description criteria for SOC 2 and SOC for Cybersecurity reports.</p> <p>When management prepares a description of an entity’s system in accordance with the 2018 Description Criteria for a Description of a Service Organization’s System in a SOC 2® Report, criterion DC 4 states:</p>	<p><u>Comments from Members of the Service Organizations TF:</u></p> <p>The general consensus is that the TF is not in favor of this change</p> <ul style="list-style-type: none"> • The term <i>system incident</i> would need to be defined in the

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		<p>“For identified system incidents that (a) were the result of controls that were not suitably designed or operating effectively or (b) otherwise resulted in a significant failure in the achievement of one or more of those service commitments and system requirements, as of the date of the description (for a type 1) or during the period of time covered by the description (for a type 2), as applicable, the following information:</p> <ul style="list-style-type: none"> a. Nature of each incident b. Timing surrounding the incident c. Extent (or effect) of the incident and its disposition” <p>A similar disclosure is required for SOC for Cybersecurity reports. We believe that SOC 1 system descriptions would benefit from a similar disclosure. First, the information would help entities and auditors understand and evaluate the effect on the service organization’s system on internal control over financial reporting. There is currently no requirement for management to disclose significant incidents that resulted from ineffective internal control even when such deficiencies in internal control led the service auditor to modify his or her opinion. Second, disclosure of significant incidents would provide information relevant to service organization user entity filers in meeting their reporting responsibilities under Securities and Exchange Commission (SEC) rules and regulations. SEC Release Nos. 33-10459 and 34-82746 emphasize the need for issuers to disclose cybersecurity incidents and to have disclosure controls and procedures. Hence, it is reasonable to conclude that these SEC requirements also apply to functions outsourced to service organizations. Third, such a disclosure would make SOC 1 descriptions consistent with other SOC services description criteria.</p> <p>We propose the following addition to AT-C 320.15 (a):</p> <p>“ix. For identified system incidents that (a) were the result of controls that were not suitably designed or operating effectively or (b) otherwise resulted in a significant failure in the achievement of one or more control objectives, as of the date of the description (for a type 1) or during the period of time covered by the description (for a type 2), as applicable, the following information:</p> <ul style="list-style-type: none"> a. Nature of each incident b. Timing surrounding the incident 	<p>context of a SOC 1 engagement. The definition would not be the same as it is for a SOC 2 or cyber engagement.</p> <ul style="list-style-type: none"> • Adding this description criterion is unnecessary because there are other mechanisms for management to communicate this information in a SOC 1 engagement. • This change would create a difference between ISAE 3402 and AT-C 320 • As well as not requiring disclosure of system incidents, a SOC 1 report doesn’t require many of the SEC’s disclosure or footnote requirements. But, is that really the intent of a SOC 1 report? • Failure to add system incidents to the description criteria may result in a loss of the SOC 1 franchise (SOC 1 reports might not

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		<p style="text-align: center;">c. Extent (or effect) of the incident and its disposition”</p> <p>Although this addition would impose an additional obligation on the responsible party, no significant objections to this requirement were raised when the AICPA requested comment on the trust services criteria. We are also not aware of any significant objections raised by organizations that are required to provide SOC 2 reports during the pre-implementation phase of adoption of the new criteria.</p>	<p>meet the needs of listed user entities.</p> <ul style="list-style-type: none"> • If a system incident occurred and the service auditor expected to qualify the opinion, management would be expected to investigate the cause of the incident and implement corrective actions (disposition). This information would need to be included in the description. The service auditor would be expected to perform additional procedures to determine the effect of the incident on the system/service and whether corrective action had occurred. • There is currently no mandate in AT-C 320 for the service auditor to obtain a response from management about control deficiencies. • An unmodified opinion might be viewed as a false positive. • The additional criterion would make AT-C 320

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			<p>different from ISAE 3402</p> <ul style="list-style-type: none"> •The triggering event for disclosure about the system incident would be a qualified opinion resulting from controls that did not operate effectively related to the system incident. •If the service auditor planned on issuing a qualified opinion, management would have to scramble to take corrective action. •If a system incident occurred after the period covered by the report but before the date of the report, the service auditor would need to perform procedures related to the system incident. It would be a challenge for the service auditor to accomplish this and still get the report out on time. •Why would a firm want to take this on?

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AT-C 320 Evidence obtained in prior periods	E&Y	<p>Consideration of evidence obtained in prior engagements</p> <p>AT-C 320.28 states, "Evidence obtained in prior engagements about the satisfactory operation of controls in prior periods does not provide a basis for a reduction in testing, even if it is supplemented with evidence obtained during the current period." We believe that as written, the requirement prohibits the use of all evidence obtained from prior engagements and does not accurately reflect the intent of the ASB to require a practitioner to perform sufficient appropriate testing of the controls during the period under examination. We suggest the following changes to clarify the intent of the requirement and the related application guidance:</p> <p>.28 When performing a type 2 engagement, the service auditor should test those controls that management has identified in its description of the service organization's system as the controls that achieve the control objectives and should assess the operating effectiveness of those controls throughout the period. Evidence obtained in prior engagements about the satisfactory effective operation of a controls in prior periods does not provide <u>evidence of the effective operation of the control in the current period or serve as a basis for a reduction in the extent of testing of that control</u>, even if it is supplemented with evidence obtained during the current period. <u>Furthermore, the service auditor's description of tests of controls and the results thereof should describe only those tests of controls performed to obtain evidence as to the operation of controls during the period under examination.</u></p> <p>.A48 Evidence about the satisfactory effective operation of a controls in prior periods does not provide evidence of the operating effectiveness of that controls during the current period. The service auditor expresses an opinion on the effectiveness of controls throughout each period; therefore, sufficient appropriate evidence about the operating effectiveness of controls throughout the current period is required for the service auditor to express that opinion for the current period. Knowledge of modifications to the service auditor's report or deviations observed in prior engagements may, however, be considered in assessing risk and lead the service auditor to increase the extent of testing during the current period. <u>Furthermore, when the effective operation of a control in the current period is dependent on the effective operation of a supporting control in the prior period, such evidence may be considered by the practitioner in evaluating the operating effectiveness of the supported control in the current period.</u></p>	<p>The following are the task force's recommended revisions to the last 2 sentences of par. 28:</p> <p>Evidence obtained in prior engagements about the satisfactory effective operation of a controls in prior periods does not provide <u>evidence of the effective operation of the control in the current period or serve as a basis for a reduction in the extent of testing of that control</u>, even if it is supplemented with evidence obtained during the current period. <u>Furthermore, the service auditor's description of tests of controls and the results thereof should describe only those tests of controls performed to obtain evidence as to the operation of controls during the period under examination.</u></p>

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			The task force is still working on revisions to par. A48 to clarify the last sentence.
			(ISAEs and AT-Cs)
AT-C 320 Fairly presented	E&Y	<p>Expression of a service auditor’s opinion regarding the system description AT-C 320.40(l)(i) and 320.41(l)(i) currently require the service auditor to express an opinion that: “ ... management’s description of the service organization’s system fairly presents the service organization’s system that was designed and implemented (throughout the specified period/as of a specified date) [based on the criteria specified by management].”</p> <p>The requirement to express an opinion on the fairness of the presentation of management’s description of the service organization’s system originated with Statement on Auditing Standards 70, <i>Reports on the Processing of Transactions by Service Organizations</i>. However, the meaning of fair presentation as it relates to examinations is not established in AT-C 205. Hence, we believe the meaning of an opinion on fair presentation is unnecessary and unclear and could be misunderstood by the specified parties. As a result of a similar concern expressed during the drafting of its SOC for Cybersecurity Guide and its SOC 2 Guide, the ASB chose to use the wording “presented in accordance with” in regard to management’s description of an entity’s cybersecurity risk management program or a service organization’s system, respectively.</p> <p>We recommend the following changes to AT-C 320.40(l)(i) and 320.41(l)(i): “ ... management’s description of the service organization’s system fairly presents the service organization’s system that was designed and implemented (throughout the specified period/as of a specified date) <u>is presented in accordance with the description criteria.</u>”</p> <p>Additional conforming changes would be required throughout the section.</p>	The task force decided not to make this change because it would make it difficult to express a dual opinion (opinion under the ISAEs and the AT-Cs)

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<p>AT-C 320</p> <p>Examining the assertion and reporting on the subject matter</p>	<p>E&Y</p>	<p>Illustrative service auditor’s report</p> <p>During the publication of SSAE 16, the ASB concluded that it was important for management’s assertion to accompany its description of the service organization system and the service auditor’s report to enable report users to more clearly understand management’s responsibility for the description of the system and the effectiveness of controls.</p> <p>However, we believe that the ASB’s purpose for including the assertion is often unclear to management of service organizations and report users. We believe AT-C 205.A121 Example 3 would better tie management’s assertion to the practitioner’s report on the subject matter by stating that the practitioner was engaged to examine management’s assertion but report directly on the subject matter. Therefore, we suggest the following modifications to AT-C 320.A76 Exhibit A Examples 1 and 2:</p> <p style="padding-left: 40px;">Scope</p> <p style="padding-left: 40px;">We have examined <u>the management of XYZ Service Organization’s accompanying assertion entitled ‘[title of management’s assertion] (assertion) that the</u> description of its [type or name of] system entitled “XYZ Service Organization’s Description of Its [type or name of] System” for processing user entities’ transactions [or identification of the function performed by the system] throughout the period [date] to [date] (description) and the suitability of the design</p>	<p>The task force is leaning toward leaving the extant illustrative reports as is and perhaps inserting a footnote that would provide this optional wording.</p> <p>Not moving forward with this particular change.</p> <p>Par. .01 of AT-C 320 states “This section contains performance and reporting requirements and application guidance for a service auditor examining controls at organizations that provide services to user entities when those controls are likely to be relevant to user entities’ internal control over financial reporting...</p>
<p>AT-C 320</p>	<p>E&Y</p>	<p>Exhibit B — Illustrative assertions by management of a service organization</p> <p>Paragraph A76 of AT-C 320 provides illustrations of assertions by management. In the illustrations, the actual statement of the assertion is prefaced by the statement “<i>We confirm, to the best of our knowledge and belief, that,</i>” which is a statement of belief rather than a “<i>declaration or set of declarations about whether the subject matter is in accordance with (or based on) the criteria</i>” as defined in paragraph 9 of AT-C 105. We recommend that the ASB reword the illustrations so they more closely resemble those in the management report in AU-C 940.A156 by replacing the statement noted above with the following language:</p>	<p>The representation letter in AU-C 580 allows the letter to state, “to the best of our knowledge and belief.”</p>

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		<p>“We are responsible for designing, implementing and maintaining effective internal control over the system. We have assessed the effectiveness of the internal control over the system throughout the period [date] to [date]. Based on that assessment, we assert that ...”</p>	
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**Independence and the Proposed Revised Attestation Standards
Summary of PEEC Consideration – February 2019**

The PEEC discussed potential independence considerations with respect to the ASB's proposed revised attestation standards at its meeting on February 12, 2019. The following is a summary of the PEEC's discussion.

- Issue 1 – Does the proposed revision to the attestation standards to allow the practitioner to perform the initial measurement/evaluation of the subject matter and not request an assertion from the responsible party create any new independence threats?
 - No – as long as a party other than the practitioner takes responsibility for the subject matter, no new independence threats are created.
 - The initial measurement/evaluation of the subject matter is not a nonattest service.
- Issue 2 – Does the use of the terms *underlying subject matter* and *subject matter information* in place of the term *subject matter* create any issues with respect to the Code?
 - No – but an interpretation or staff Q&A document could address that *underlying subject matter* and *subject matter* are equivalent terms.
- Issue 3 – With respect to the proposed revised agreed-upon procedures standard (AT-C section 215), are any significant independence threats created by the engaging party acknowledging that the procedures performed are *appropriate* for the purpose of the engagement instead of such procedures being *sufficient*? Are any significant threats created by removing the requirement that users of the practitioner's agreed-upon procedures report (specified parties) acknowledge responsibility for the procedures performed? Are any significant threats created by permitting the practitioner, in addition to the engaging party, to take responsibility for the *appropriateness* of the procedures performed?
 - The PEEC does not believe that any additional threat is created by requiring the engaging party to take responsibility for the *appropriateness* of the procedures rather than for the *sufficiency* of the procedures.
 - The PEEC does not believe that any additional threat is created by permitting a general-use report in which users of the report are not required to accept responsibility for the procedures.
 - The PEEC does not believe that any additional threat is created by permitting the practitioner, in addition to the engaging party, to take responsibility for the *appropriateness* of the procedures. Further, practitioners are not prohibited from designing, or assisting in the design of, procedures to be performed. The design of procedures to be performed in an agreed-upon procedures engagement is part of the agreed-upon procedures service and is not a separate nonattest service.

- Issue 4 – Communication of the PEEC’s views

The PEEC directed its task force, with assistance from Audit and Attest Standards staff and members of the ASB/ARSC’s Attestation Standards Task Force, to develop Q&As to communicate the PEEC’s positions. Such Q&As could be posted to the Professional Ethics section of the AICPA’s website and could be referenced in the proposed revised attestation standards.

Topics Covered in “Comments Relevant to AT-C 210”

- Limited assurance
- Issues related to practitioner being the only measurer or evaluator
- Definitions
- Engagement letter
- Analytical procedures
- Report appropriately differentiated from an examination report
- Include description of procedures performed in the report
- Appropriateness of adverse conclusion
- Reporting when the practitioner is not independent
- Illustrative reports
- Representation letter
- Use of the term *appropriate party* to designate the engaging party, the responsible party, or both
- Prohibition on reporting on assertion when misstatements exist
- Referring to the work of a specialist in the practitioner’s report
- Other

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Issues related to practitioner being the only measurer or evaluator			
	PBTK	We believe the use of the term, “limited assurance,” in reference to a review conclusion is misleading in that, by contrast, it suggests inappropriately that a higher level must be unlimited assurance. We would prefer that the standards discontinue use of that term and consistently describe a review conclusion more precisely and consistently as “negative assurance” while describing an opinion consistently as “positive assurance.”	Describing the level of assurance obtained in a review engagement is consistent with other review standards – AR-C 90; AU-C section 930; ISRE 2400, etc.
Issues related to practitioner being the only measurer or evaluator			
.A76 Independence concerns	BAS	Paragraph .A76 of proposed AT-C section 210 states that the practitioner may include a statement in the report that the responsible party did not measure or evaluate the subject matter in accordance with the criteria but fails to provide any guidance as to what other party performed such measurement or evaluation. As discussed earlier, the practitioner should not assume such responsibility because of potential independence issues that such initial measurement or evaluation could create. Further, putting the independence issue aside, it is illogical to think that	AICPA staff has consulted with PEEC regarding independence on several occasions.

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		the practitioner can perform a limited assurance engagement on subject matter that has not been measured or evaluated initially as the procedures that would need to be performed to measure or evaluate the subject matter presumably would have to be performed at a reasonable assurance level.	
Definitions			
	GT	Based on our comments above, we believe the definition of a modified conclusion should also be revised.	
Engagement letter			
.A8	OSCPA Crowe	The proposed application guidance (AT-C 210.A8) permits the practitioner to recommend, develop or assist in developing the criteria for the engagement. This guidance may create an independence concern if the practitioner is both developing the criteria and testing the criteria through procedures selected by the practitioner, even when the engaging party agrees to the criteria. The proposed application guidance (AT-C 210.A8) provides that the engaging party may request that the practitioner recommend, develop or assist in developing the criteria for the engagement. We believe that this guidance may create an independence concern if a practitioner is both developing the criteria and testing the criteria through procedures selected by the practitioner.	The PEEC is working on a Q&A document that will respond to independence concerns.
.09, .A4, .13, .34, and .A48	GT	We have similar concerns with these paragraphs as expressed above regarding the use of “appropriate party” and “responsible party” in the corresponding proposed paragraphs of AT-C section 205.	The draft standard has been revised to clearly indicate responsibilities for EP and RP.
.A10	GT	We provide similar recommendations and related edits to this paragraph as those provided in our comments on AT-C section 205.A10 above. We believe this will better align with the reporting-related requirement at proposed paragraph .45.	Revisions made to draft for consistency with revisions to 205.
Analytical procedures			
.19 - .20; .A24 - .A26	GT	In considering the requirements in paragraphs .19 and .20 of proposed AT-C Section 210, we found it unclear whether the practitioner is required to perform analytical procedures in every engagement. Even though this is discussed at various points in the application guidance, the requirement itself is unclear with regard to applicability. As the Board has discussed during its deliberations of this proposal, certain subject matter may not be conducive to being subjected to analytical procedures, and therefore we recommend the Board move these paragraphs to the application guidance or clarify in the existing paragraphs that analytical procedures may or may not be relevant to the engagement.	The requirement paragraph is revised so as to be conditional on the nature of the subject matter lending itself to the application of analytical procedures.

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		<p>In addition, we have significant concerns with proposed paragraphs .A24 through .A26. Paragraph .A24 reads as follows.</p> <p>In a limited assurance engagement, procedures generally are limited to inquiries and analytical procedures. However, analytical procedures may not be possible when the subject matter is qualitative, rather than quantitative. In circumstances in which inquiry and analytical procedures are not expected to provide sufficient appropriate limited assurance evidence, or when the nature of the subject matter does not lend itself to the application of analytical procedures, the practitioner may perform other procedures that he or she believes can provide the practitioner with a level of assurance equivalent to that which inquiries and analytical procedures would have provided. ...</p> <p>If the practitioner cannot meaningfully execute analytical procedures against the subject matter, we are not sure how the practitioner would know what level of assurance inquiry and analytics would yield. We believe this paragraph, along with paragraphs .A25 and .A26, are difficult to understand and to execute, and therefore recommend that the Board to delete these paragraphs. We believe the other proposed changes to this section provide sufficient guidance for a practitioner to scope and perform a review engagement under the attestation standards</p>	<p>OPEN</p>
<p>Report appropriately differentiated from an examination report</p>			
	<p>BAS</p>	<p>The differences between a limited assurance engagement and an examination engagement are not sufficiently described in the illustrative reports. Perhaps a limited assurance report should include a description of the nature of procedures that would be performed in an examination but not in a limited assurance engagement to more clearly articulate the difference between a limited assurance and an examination engagement. Example 4 included statements in the bulleted list of procedures that the practitioner did not do, but there was no indication as to whether it was merely because a limited assurance engagement would not include such procedures. Further, there was no application guidance pertaining to including statements of procedures that were not performed; accordingly, application guidance needs to be added to address this.</p>	<p>OPEN</p>
	<p>CLA</p>	<p>The illustrative reports are clear and understandable with respect to the differences between a limited assurance engagement and an examination engagement. We believe the additional language that was added — “As a consequence of the limited nature of the engagement, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had an examination been performed.” — will assist with better clarification for the users of the reports.</p>	
	<p>BT</p>	<p>We believe that 1) removing the word “scope” and replacing it with a statement that the nature and timing of procedures in a limited assurance engagement vary from, and are less in extent</p>	

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		than, those in an examination engagement and 2) adding a statement that the level of assurance obtained in a limited assurance engagement is substantially less than in an examination clearly convey the differences between a limited assurance engagement and an examination engagement.	
Description of procedures performed in review report			
	VA	Based on the increase in judgment a practitioner may apply in designing procedures in the proposed standard, we agree that the limited assurance report should include a description of the work performed as a basis for the conclusion.	
	NJCPA	The Group agrees with the requirement for the practitioner to include a description of the procedures performed in a limited assurance engagement. Because the practitioner may use professional judgement in determining the nature and extent of procedures to be performed in order to obtain limited assurance, we believe that disclosure of the procedures performed by the practitioner will provide a basis for the user of the limited assurance engagement report to evaluate the results of the engagement. However, the Group is concerned that requiring the practitioner to disclose the procedures performed could lead users to question the sufficiency of the practitioners' procedures without a detailed understanding of the matter.	
	ORBA	The addition of a description of the procedures performed in the limited assurance report will be beneficial to the user in understanding what the practitioner did to obtain limited assurance on the subject matter or assertion. However, we strongly suggest that the ASB look at the placement of this paragraph within the practitioner's report. We propose that the paragraph describing the procedures performed precede the paragraph on independence. The third paragraph in the limited assurance report describes the general nature of the procedures performed. The description of the specific procedures should follow immediately after that general description. The inclusion of the independence paragraph between the two disrupts the flow of the report. Furthermore, we think that the inclusion of the procedures in the limited assurance report is analogous to the statement in a SSARS review that a review consists primarily of analytical procedures applied to management's financial data and inquiries of company management. As mentioned above, not all limited assurance engagements will lend themselves to the performance of analytical procedures. Therefore, the inclusion of a description of the procedures performed will be beneficial to the user in understanding what the practitioner did to obtain limited assurance regarding the subject matter or assertion and arrive at the conclusion expressed in the report.	OPEN
	HW	The requirement of the practitioner to include a description of the procedures performed in a limited assurance engagement could be potentially helpful to the users of the limited assurance report in order to understand what procedures were performed.	
	RSM	Requiring the practitioner to include a description of the procedures performed in a limited assurance engagement report is beneficial in that it aligns with the reporting requirements of	

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		ISAE 3000 (Revised), and alignment is important in today’s global economy. Given that “limited” is a relative word, it also is beneficial to describe the work performed to assist intended users in understanding the basis for the practitioner’s conclusion. Further, this is a necessary disclosure because procedures often performed in this type of engagement include inquiry and analytical procedures, which may not be possible in a limited assurance engagement related to qualitative information.	
	NYSSCPA	<p>Some of our members have raised the question of whether a firm’s litigation risk may increase when “examination-type” procedures are applied in engagements performed at lower levels of service. They believe that as more procedures are performed (and disclosed in the practitioner’s report), the different levels of service become blurred resulting in possible user confusion. Other members, however, have the view that litigation risk is primarily a function of the engagement and not of the procedures performed. They consider that it is the practitioner’s responsibility to perform whatever procedures he or she deems necessary to obtain limited assurance. Accordingly, it is the practitioner’s responsibility to reduce his or her litigation risk through appropriate risk management procedures including, but not limited to, obtaining an appropriately tailored engagement letter. We recognize that practice management issues are beyond the purview of the ASB’s standard-setting process and are the responsibility of the practitioner.</p> <p>Rather than creating user confusion, we consider the addition of a description of the procedures performed by the practitioner in the conduct of the limited assurance engagement in the report beneficial to the user in understanding what the practitioner did to obtain limited assurance on the subject matter or assertion. However, we suggest that the placement of the paragraph describing the procedures performed precede the paragraph on independence.</p> <p>The third paragraph in the limited assurance report describes the general nature of the procedures performed, and we think the description of the specific procedures should follow immediately after that general paragraph. The inclusion of the independence paragraph between the two disrupts the flow of the report. Furthermore, the inclusion of the procedures in the limited assurance report is analogous to the statement in a SSARS review that a review consists primarily of analytical procedures applied to management’s financial data and inquiries of company management. As discussed above, not all limited assurance engagements will lend themselves to the performance of analytical procedures. Therefore, the inclusion of a description of the procedures performed will be beneficial to the user in understanding what the practitioner did to arrive at the conclusion expressed in the report.</p>	OPEN
	TSCPA	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.	

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		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.	
	Michigan OAG	We believe users will obtain a greater understanding of a limited assurance engagement when the report includes a description of the procedures performed. This should eliminate any "expectation gap" on the part of the party that engaged the practitioner regarding the nature of the services they expected to receive.	
	BAS	One of the implications of including a description of procedures performed in a limited assurance engagement is that intended users of the report will take more assurance from such description than they will from an examination report. This is the current case with sustainability reporting where users and responsible parties alike feel that the limited assurance report provides more useful information than a reasonable assurance report. Accordingly, this likely will cause intended users take more assurance than warranted by the engagement and inadvertently drive demand for limited assurance engagements over examinations. This then begs the question as to whether practitioner's reports on examination engagements should include more descriptive procedures than currently contemplated so that intended users understand that an examination engagement encompasses more procedures than a limited assurance engagement (the proposed AT-C section 205 currently only provides application guidance on when the practitioner is <i>requested</i> to provide a description of procedures and results thereof (paragraph .A94)).	
	Illinois Society	The benefits of requiring the practitioner to include a description of the procedures performed increase the reliability of the information.	
	NSAA	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.	
	Hunter	<p>We agree with the inclusion of a description of the work performed in the limited assurance engagement by the practitioner in the conclusion. We firmly believe this will allow external users to see the practitioner's rationale for the engagement conclusion. The users will know exactly what was tested in the engagement in order to obtain a better understanding of the entity being reviewed...</p> <p>A benefit of requiring the practitioner to include a description of the procedures performed in a limited assurance engagement is that the users would know exactly what was tested and how it was tested. This would provide the users with a better understanding of the entity being analyzed. A potential implication of requiring the practitioner to include a description of the procedures performed in a limited assurance engagement concerns users thinking a limited</p>	

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		assurance engagement provides enough evidence that the entity has no material misstatements or omissions in their financial statements. By listing the description of procedures performed, users may think the procedures are extremely thorough and complex. Some may believe that there would be no chance a non-identified misstatement could exist after the engagement is conducted. In addition, it may not be practical and efficient for firms to include an exhaustive list of all analytical procedures performed. As one can see, there are many advantages and disadvantages in regards to requiring the practitioner to include a description of the procedures performed in a limited assurance engagement.	
	PBTK	We are receptive to the ED's position allowing practitioners to enhance their reports by providing users with a better understanding of the nature and extent of the engagement work. But we object, however, to the inclusion of language in a review (or limited assurance) engagement report describing what might be characterized as "examination-type" procedures to a degree that might tend to cause users to place an undue level of reliance beyond what is inherently warranted in such an engagement. Our concerns are that differentiation of the attest service levels are necessarily based on the nature and extent of procedures involved and that as more procedures are performed (and disclosed), the different levels of service become blurred resulting in potential user confusion. For example, we believe that litigation risks present in the U.S. might increase when examination-type procedures are applied in services provided at lower levels (we reference the famous Court of Appeals of the State of New York case of 1972, 1136 Tenants' Corp. v. Max Rothenberg & Co.), particularly when fraud or other significant matters surface after reports are issued. We think that from a litigation risk perspective, practitioners should be encouraged by the standard to keep the focus of reviews (or "limited assurance" engagements) principally on inquiries and analytical procedures.	
	CLA	We believe requiring the practitioner to include more information regarding the procedures performed in a limited assurance engagement will provide better information to the users of the reports and assist them in better understanding the basis for conclusion so as not to draw incorrect conclusions regarding what procedures may or may not have been performed to reach those conclusions. It also provides better consistency with the reporting for agreed-upon procedures engagements which provide a similar level of detail on the procedures performed.	
.46h and .46l	D&T	We agree with the addition of the reporting elements in paragraphs 46h and 46l of AT-C 210 in the ED, and believe that it will provide clarity as to the work effort of the practitioner. However, D&T does not believe that proposed AT-C 210 in the ED has been sufficiently restructured such that the practitioner will no longer presume that inquiry and analytics are all that are required to be performed in order to gather sufficient limited assurance evidence to issue the attestation report. For example, there are no headings within the related performance requirements and guidance sections that outline the "other procedures" the practitioner should perform in certain circumstances.	

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	GAO	We support the proposed revisions to AT-C section 210 that would require the practitioner's report to include an informative summary of the work performed as a basis for the practitioner's conclusion.	
	PWC	<p>Paragraph 46(l) of proposed AT-C section 210 would require a description of the work performed as the basis for the practitioner's conclusion. We understand this change aligns with ISAE 3000 (Revised) to provide a basis for users of the report to understand the level of assurance that was obtained. Today's review report is not clear that review procedures generally are limited to inquiries and analytical procedures (as noted in paragraph A2 of AT-C section 210). Greater clarity in the report may help to give the practitioner's report additional context when compared with a report on an examination engagement.</p> <p>We are concerned, however, there could be unintended consequences of providing a description of procedures in the practitioner's report. We agree in many cases the description may be as brief as a statement that "the procedures we performed were based on our professional judgment and consisted primarily of analytical procedures and inquiries." When procedures other than inquiry and analytics are described in more detail, users might assume a greater level of assurance than in a reasonable assurance engagement, where procedures are not described at all. Rather than require a description in all cases and potentially implicitly requiring the practitioner to make a judgment as to whether additional information may be relevant to the users' understanding, we believe guidance could be included that explains the practitioner may consider describing the work performed depending on the subject matter. The ASB could revisit this decision in the future by conducting outreach with users of review reports as well as practitioners, for example in the area of sustainability, to better understand the implications of including a description of procedures.</p> <p>If the ASB decides to move forward with requiring procedures to be described, it would be helpful to include guidance explaining the practitioner may also consider it necessary to restrict the report depending on the subject matter and the possibility that users may misinterpret the extent of the practitioner's work based on the procedures that have been described.</p>	OPEN
	TIC	TIC believes that requiring the practitioner to include a description of the procedures performed in a limited assurance engagement will be helpful to any potential users of the report so they can have an understanding of the work performed. TIC would suggest the Board consider adding some examples of instances where other than analytical procedures are performed on the subject matter.	
	BDO	We support the changes to the illustrative reports and believe that those reports are clear and understandable and appropriately differentiate a limited assurance engagement from an examination engagement. Furthermore, we support the change of the phrase 'review	

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		<p>engagement' to 'limited assurance,' as we agree that this proposed revision more appropriately describes the nature and extent of work that may be necessary to obtain limited assurance on nonfinancial subject matter.</p> <p>We believe the proposed addition of a description of the procedures performed by the practitioner in the conduct of the limited assurance engagement in the report will benefit users in understanding what the practitioner did to obtain limited assurance on the subject matter or assertion, consistent with the reporting requirements of ISAE 3000 (Revised). We believe the transparency provided to users will enhance the value of the report to users and outweigh any potential unintended consequences. In particular, we believe the requirement in the proposed AT-C Section 210.46(h), which provides for the following paragraph to be included within the attestation report, establishes the context within which the informative summary is to be considered. However, we believe that this paragraph is missing one descriptor that would be meaningful to a user of the report, this being the inclusion of the word 'substantially' in front of the word 'less' as noted below. By including the word 'substantially' the user of the report is alerted as to the limited nature of the procedures performed when contrasted with those performed for an examination engagement.</p> <p style="padding-left: 40px;"><i>A statement that the procedures performed in a limited assurance engagement vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the subject matter is in accordance with (or based on) the criteria, in all material respects, or the responsible party's assertion is fairly stated, in all material respects, in order to express an opinion. As a consequence of the limited nature of the engagement, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had an examination been performed.</i></p>	Proposed change is consistent with AR-C section 90. Revision has been made to the proposed standard.
	SL	Requiring the practitioner to include a description of the procedures performed in a limited assurance engagement will be helpful to any potential users of the report so they can understand the procedures performed by the practitioner.	
	OSCPA	The committee discussed concerns about including a description of the procedures performed in a limited assurance engagement, which diverges from the fact practitioners do not describe audit or examination procedures within those respective types of reports. Further, allowing procedures other than inquiry and analytics could further confuse the difference between a limited assurance, which is premised on those procedures, and an audit engagement for both the practitioner and the market.	
	NCACPA	A limited assurance engagement is essentially premised on the performance of inquiries and analytical procedures based on AT-C section 210. We understand that sometimes the subject	

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		<p>matter does not lend itself to analytical procedures. However, we feel that it should be clearer that there are two paths. In one path, analytics were performed, in another the practitioner judgmentally selected alternative procedures because analytical procedures were not practical due to the nature of the subject matter. While the illustrative reports provide clear and understandable differences between a limited assurance engagement and an examination engagement, the Committees have concern about this proposed change as it is currently presented. The proposed changes do not provide sufficient guidance about when alternative procedures could be performed essentially leaving it up to the professional judgment of the practitioner to decide when to perform these procedures (i.e. only when analytical procedures are not practical). The concern of the committees is that the amount of ambiguity in this proposed standard opens the practitioner up to unnecessary scrutiny that would result from the practitioner performing alternative procedures for some limited assurance engagements, but not others with no clearly outlined scope of when additional procedures are deemed necessary. We believe it should be clear that alternative procedures are only acceptable when the subject matter does not lend itself to analytics. Further, the Committees believe there will be additional confusion on the part of third party users relying on limited assurance reports because there will be less consistency in the procedures performed to reach the same limited level of assurance provided. We believe that additional clarifications or even perhaps names could be used to differentiate. The Committees believe this would be difficult to implement without guidelines that outline a specific set of circumstances that would necessitate alternative procedures. If this proposal is approved, the Committees do agree that the limited assurance report be expanded to include a description of the work performed in order to assist the intended users in understanding the basis for the conclusion.</p>	
	CR	<p>We support the requirement that the practitioner’s limited assurance report include a description of the work performed and believe such a summary helps the intended users understand the basis for the practitioner’s conclusion. The application guidance and related illustrative reports are sufficiently worded to be of assistance to practitioners in interpreting the requirement...</p> <p>We believe the most significant potential benefit of requiring such a description is clarifying to the user the essence of what the practitioner really did, and, implicitly, what was not done. The benefit of such, works to prevent an expectation gap in the marketplace.</p>	
	FICPA	<p>We also agree with the proposed standard requirement that the practitioner’s limited assurance engagement include a description of the work performed as a basis for the practitioner’s conclusion...</p> <p>The Committee agrees with the illustrative reports formats that differentiate between a limited assurance engagement and the examination engagement. The description of the procedures in</p>	

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		a limited engagement assurance report enhances the user's understanding of the basis for the practitioner's conclusion. However, we disagree on the use of specific bullet points as suggested in the guidance on page 171 of the exposure draft. We recommend the final guidance use a similar illustrative report format as in pages 168 and 170 by removing the specific paragraphs in bullet points. The Committee believes this particular illustration might lead to unnecessary liability risks for the practitioner, and the detailed procedures performed as the basis for the practitioner's conclusion should stay in the work papers.	
	GT	The ASB may want to consider adding additional application guidance to address some practitioners' concerns that users may infer that more than limited assurance was obtained when practitioners perform and include in their description of the procedures performed, procedures that are typically only performed in examination engagements (e.g. confirmation with third parties). Without this additional guidance, some practitioners might be reluctant to include those procedures in their descriptions of the procedures performed.	
Appropriateness of adverse conclusion			
	VA	We agree with allowing the practitioner to express an adverse conclusion rather than withdrawing from the engagement.	
	ORBA	ORBA concurs with the ASB that the practitioner should be able to express an adverse conclusion when the practitioner concludes, after having obtained sufficient, appropriate limited assurance evidence, that the subject matter is materially and pervasively misstated. Under the extant standards, the practitioner would have to withdraw in such a situation. 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.	
	HW	We do not support allowing the practitioner to issue an adverse conclusion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in	

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		the aggregate, are both material and pervasive to the subject matter. We believe the extant requirement to withdraw from the engagement is appropriate. 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.	
	RSM	We believe it is appropriate to allow the practitioner to express an adverse conclusion when the practitioner concludes that the subject matter is materially and pervasively misstated. This proposed change is understandable and the related application guidance is helpful.	
	NYSSCPA	<p>Finally, the Society concurs with the ASB that the practitioner should be able to express an adverse conclusion when the practitioner concludes, after having obtained sufficient appropriate limited assurance evidence, that the subject matter is materially and pervasively misstated. Under the extant standards, the practitioner would have to withdraw in such a situation. We recognize that there is a long tradition stretching back 40 years that precludes a practitioner from issuing an adverse review conclusion. However, we also recognize that in both SSARS reviews and limited assurance engagements, there might be circumstances where material and pervasive misstatements exist that management or the responsible party is unable or unwilling to correct. We do not believe that the practitioner's withdrawal from the engagement in such circumstances serves the public interest.</p> <p>From a practical standpoint, we recognize that if the practitioner withdraws because of the existence of a material and pervasive misstatement in the subject matter, the engaging party may very well "shop" the engagement around for an accountant who might 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, but it is a reality whether or not we wish to confront it. Accordingly, the Society supports the inclusion of the adverse conclusion option in those circumstances where a material and pervasive misstatement in the subject matter exists.</p>	
	TSCPA	We could not think of a situation where an adverse opinion would be appropriate in a limited assurance engagement.	
	Michigan OAG	We agree with the amendments to allow the practitioner to express an adverse conclusion, rather than withdrawing from the engagement, when material and pervasive misstatements are identified in the subject matter. Withdrawal from the engagement will not serve the users of the subject matter since there would be no report identifying the misstatements in the subject matter. Getting positive assurance regarding the nature of the misstatements is better than getting no report.	
	BAS	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	Open – to be considered by

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		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.	ARSC in its proposed revisions to AR-C section 90.
	Illinois Society	<p>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.</p> <p>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.</p> <p>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.</p>	
	NSAA	We agree with the revisions that allow the practitioner to express an adverse conclusion, rather than withdrawing from the engagement, when material and pervasive misstatements are identified in the subject matter. Withdrawal from the engagement will not serve the users of the subject matter since there would be no report identifying the misstatements in the subject matter. Getting positive assurance regarding the nature of the misstatements is better than getting no report.	
	Hunter	We agree to no longer forcing practitioners to withdraw from the engagement when material and pervasive misstatements are found, and instead allowing the practitioner to express an adverse conclusion. We believe this will benefit the interest of the public by informing users that the entity is not following proper financial reporting guidelines.	
	PBTK	We further believe that an adverse report should be warranted in a limited assurance attest engagement in circumstances involving a material exception similar to reporting a GAAP departure in a financial statement review. As is our experience with adverse opinions in audit reports, we think such a circumstance would likely be quite rare, <i>i.e.</i> , that practicality would generally preclude such an action since the client would probably ask the practitioner not to issue a report.	
	CLA	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	

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		reporting for reviews should be the same under the Statements on Standards for Accounting and Review Services and the attestation standards.	
	E&Y	We do not support the ASB's proposal to allow a practitioner to express an adverse conclusion in a limited assurance engagement. 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.	Extant AT-C section 210 addresses pervasiveness of misstatements. The ASB directed (January 2019) that the final standard be consistent with AR-C section 90 in this regard.
	GAO	We support the decision to allow an adverse conclusion in a limited assurance engagement.	
	PWC	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... If the possibility of expressing an adverse conclusion in a review is retained, we would support including an illustrative example of this circumstance.	
	TIC	TIC believes that expressing an adverse conclusion is appropriate when the practitioner has obtained sufficient evidence that the subject matter is materially misstated, similar to how this would be addressed in an audit engagement. TIC believes that "closing the loop" by issuing a report rather than withdrawing from the engagement would be in the public interest.	
	BDO	We agree that the practitioner should be able to express an adverse conclusion when the practitioner concludes, after having obtained sufficient appropriate limited assurance evidence, that the subject matter is materially and pervasively misstated.	
	SL	Expressing an adverse conclusion is appropriate when the practitioner has obtained sufficient evidence that the subject matter is materially misstated.	
	OSCPA	The committee believed allowing an adverse conclusion is appropriate.	
	NCACPA	The Committees have concerns about expressing an adverse conclusion on the subject matter when performing a limited assurance engagement. As noted above, the Committees believe that a limited assurance engagement should continue to consist of analytical procedures and inquiries unless more specific guidance is provided on the circumstances that would lead a practitioner to perform additional procedures. Based on that current stance, the Committees do not believe that analytical procedures alone provide sufficient evidence to provide an adverse	

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		conclusion when the practitioner cannot know with any reasonable certainty the impact that additional procedures would have on the conclusions reached. The current requirement that accountants either provide limited assurance or withdraw from the engagement, should they be unable to do so, prevents the accountants from providing adverse conclusions with insufficient evidence and creates the opportunity to step up the engagement from a review to an audit or examination in order to obtain the documentation necessary to opine on the financials.	
	KPMG	We support the Proposed Standard allowing for adverse conclusions for reviews when, facts and circumstances support the practitioner’s judgment, that such a conclusion is appropriate rather than the current requirement to withdraw from the engagement.	
	GT	<p>We do not support the proposed approach of allowing for an adverse conclusion in a review engagement. In our view, the most workable solution to reporting in a review engagement when there is a misstatement of the subject matter is to follow the construct set forth in paragraphs .35 through .37 of AU-C 930, <i>Interim Financial Information</i>. We propose the following paragraphs for the Board’s consideration and recommend eliminating the notion of an adverse conclusion and the phrase “material and pervasive” from proposed AT-C Section 210:</p> <p>When the subject matter has not been prepared in accordance with the criteria in all material respects, the practitioner should consider whether modification of the practitioner’s report on the subject matter is sufficient to address the departure from the criteria.</p> <p>If the practitioner concludes that modification of the standard report is sufficient to address the departure, the practitioner should modify the report. The modification should describe the nature of the departure and, if practicable, state the effects on the subject matter.</p> <p>If the practitioner believes that modification of the report is not sufficient to address the departures from the criteria, the practitioner should withdraw from the review engagement and provide no further services with respect to such subject matter.</p> <p>We believe these paragraphs provide more reasonable and appropriate flexibility for any situations where departures from the criteria occur but a modified opinion providing limited assurance is still an acceptable approach.</p>	The ASB directed (January 2019) that the final standard be consistent with AR-C section 90 in this regard.
	FICPA	We agree with the proposed change allowing the practitioner to express an adverse conclusion when he/she concludes, based on sufficient appropriate evidence, that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.	
	BT	The proposed changes to the attestation standards require obtaining sufficient appropriate evidence as a basis for concluding that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter. As practitioners are required to have an appropriate	

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		basis for expressing an adverse conclusion, we believe that permitting adverse conclusions in a limited assurance engagement is appropriate.	
Reporting when the practitioner is not independent			
.46	Hunter	a. A title that includes the word independent, <u>unless impaired</u> . (Ref: par..A72)	
.A80		j. A statement that the practitioner is independent and has fulfilled the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements relating to the limited assurance engagement, <u>unless impaired</u> . (Ref: par..A79–.A80)	
.A85		Relevant ethical requirements may exist in several different sources, such as ethical codes and additional rules and requirements within law and regulation. When independence and other relevant ethical requirements are contained in a limited number of sources, the practitioner may choose to name the relevant sources (for example, the name of the code, rule, or applicable regulation, or Government Auditing Standards promulgated by the Comptroller General of the United States) or may refer to a term that appropriately describes those sources. <u>When the practitioner is not independent but is required by law or regulation to accept and report on the procedures performed and findings obtained, the impairment(s) should specifically be stated instead of the independence statement.</u>	
		A title indicating that the practitioner’s report is the report of an independent practitioner (for example, “Independent Practitioner’s Report,” “Report of Independent Certified Public Accountant,” or “Independent Accountant’s Limited Assurance Report”) affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner’s report from reports issued by others. <u>When the practitioner is not independent but is required by law or regulation to accept the engagement and report on subject matter or assertion, the word <i>independence</i> on the title should be omitted.</u>	
Illustrative reports			
.A111	BAS	Examples 4-6 on GHG emissions and sustainability reports contain a number of inherent limitations paragraphs that are inconsistent with the explanatory paragraphs in the AICPA Guide: <i>Attestation Engagements on Sustainability Information (Including Greenhouse Gas Emissions Information)</i> (the “Guide”). I believe that these paragraphs should be replaced with the paragraphs that have been illustrated in the Guide. The paragraphs to be replaced are as follows: <ul style="list-style-type: none"> • Example 4: 5th paragraph (“As discussed in Note 1....”) • Examples 5 and 6: 2nd paragraph (“The nature of non-financial information....”) 	OPEN

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		<p>Examples 5 and 6 include a paragraph regarding the application of quality control standards. While such illustrative language was taken from an appendix that was subsequently added to the Guide, I believe such language was flawed as it made an open-ended statement that the practitioners “maintain a comprehensive system of quality control” rather than the practitioners “maintained a comprehensive system of quality control.” Additionally, Examples 5 and 6 contain a number of paragraph headings, which is permissible under the application guidance; however, it would seem that the entire report examples should contain appropriate headings throughout such examples and that headnotes should be added to Examples 5 and 6 to state that such examples illustrate the manner in which headings might be used, with a cross-reference back to the applicable application guidance paragraphs.</p> <p>Example 6 uses “. . .” to finish sentences with respect to the basis for the adverse conclusion. Consistent with existing standards and the other examples in the exposure draft, they should be replaced with instructions of what should be included in those paragraphs if the ASB is unable to develop example language; further, appropriate cross-references back to the applicable paragraphs in proposed AT-C section 210 would be helpful.</p>	
	Hunter	Due to the importance of the differences between limited assurance engagements and examinations, we suggest to bold or underline the sentence explaining the different levels of assurance provided in a limited assurance engagement and an examination. In the event of users simply “scanning” the report and not thoroughly reading the report, the additional emphasis concerning the lower level of assurance in a limited assurance engagement will be fully understandable and coherent.	
	PWC	We do not support including examples 4-6 in proposed AT-C section 210. Examples already exist in the <i>Attestation Engagements on Sustainability Information Guide (Including Greenhouse Gas Emissions Information)</i> . In general, we find it confusing to have subject-matter specific examples in AT-C section 210 when there is already a guide that addresses the subject matter. We do not think the benefit of including updated examples in relation to sustainability outweighs the risk of having different examples related to the same type of engagement. We believe consensus on the need to update the sustainability example reports should be sought as part of the annual process to consider updates to the <u>guide</u> once the final standards have been issued.	OPEN
	KPMG	Specific to illustrative report Example 4: <i>Practitioner’s Limited Assurance Report on a Greenhouse Gas (GHG) Statement; Unmodified Conclusion</i> , we recommend the Board reconsider the words used to describe the procedures performed. In particular, the term review is included in AT-C 215.A22 as an example of a word to avoid for agreed-upon procedures engagements because it is not sufficiently precise. The term “undertook” is also vague. While recognizing that the illustrative report is not under AT-C section 215, we believe it is not	OPEN

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		appropriate to use words to describe limited assurance procedures that are inappropriate when no conclusion is expressed.	
Representation Letter			
34ai When reporting on the assertion, add a representation that the RP is responsible for the assertion	VA	This paragraph only acknowledges subject matter. We suggest the Board consider adding a representation for the responsible party to take responsibility for its assertion, if applicable.	Made this proposed change
Use of term <i>appropriate party</i> to designate the engaging party, the responsible party, or both			
Representation letter 34d The “responsible party” rather than the “appropriate party” is responsible for making disclosures.	VA	We believe this part should apply specifically to the responsible party rather than the appropriate party, since an engaging party would never be able to make these disclosures. [The disclosures referred to are i. its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter; and ii. other matters as the practitioner deems appropriate.]	Changed <i>appropriate party</i> to <i>responsible party</i> for these representations
Prohibition on reporting on assertion when misstatements exist			
44 Disagrees with prohibition on reporting on assertion when misstatements exist.	VA	We are unclear on why a practitioner should not report on a written assertion when the opinion is modified for a material misstatement.	Dirty assertion issue
Referring to the work of a specialist in the practitioner’s report			
Par. 50 and 58 conflict.	BAS	Paragraphs .50 and .58 of AT-C section 210 seem to conflict with each other. Such conflicting language needs to be addressed. Further, application guidance also should be added about whether the description of procedures should or should not mention the practitioner’s interaction with any practitioner’s specialists (internal or external).	
Other			
45 State, at the beginning of AT-C	NSAA	We believe the requirement to obtain a written assertion when opining on an assertion should be incorporated at the beginning of the section to facilitate the planning process for the engagement.	Open

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210 that an assertion is required when reporting on assertion	VA	We believe the requirement to obtain a written assertion when opining to the assertion should be incorporated at the beginning of the section to facilitate the planning process for the engagement	
Add guidance in the attestation standards on subsequent discovery of facts and omitted procedures.	KPMG	The attestation standards do not contain the same level of guidance as the auditing standards, particularly around concepts such as subsequent discovery of facts or omitted procedures. We believe that additional guidance is necessary on specific topics that do affect attestation engagements but currently guidance exists only in the auditing standards that is often adapted to the circumstances. To better assist practitioners and drive consistency, we would be happy to work with the Board or a task force it designates to accumulate practice questions and propose solutions for the Board's consideration	

Topics Covered in in “Comments Relevant to AT-C 215”

- Proposed expansion needed and in the public interest?
- Responsibility for procedures performed/independence
- Terminology and definitions
- Engagement letter
- Content of report
- General use vs. restricted use reports
- Additional reporting illustrations
- Written representations
- Knowledge of matters outside procedures

Comments Relevant to AT-C 215, Agreed-Upon Procedures Engagements

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Proposed expansion needed and in the public interest?			
	NJCPA	<p>We believe that the changes to the Agreed Upon Procedures (“AUP”) standards in AT-C section 215 amount to the addition of a new line of service. If the Board wishes to add services, that should be accomplished under a new standard, not by wholesale modification of the standards underpinning the AUP engagements. Lastly, our Group believes that the present AUP standards are functioning well and thus do not require any changes...</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...</p> <p>The Group does not believe that the proposed revisions to AT-C section 215 appropriately address the objective of providing increased flexibility to the practitioner in performing and reporting on an agreed-upon procedures engagement while retaining the practitioner’s ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215. Instead, 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</p>	<p>At its meeting in January 2018, the ASB agreed with revising AT-C section 215 to provide increased flexibility in the performance of and reporting on an agreed-upon procedures engagement. This approach will avoid issues with state regulations that refer only to agreed-upon procedures engagements.</p>

Comments Relevant to AT-C 215, Agreed-Upon Procedures Engagements

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		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 significant proposed changes to AT-C section 215 as essentially the roll out of a new service offering within the AUP framework. We believe that the framework as it currently exists is functioning well and should remain intact. We believe that these changes will cause confusion for stakeholders in this arena and expose the practitioner to increased liability in performing these types of engagements. If the Board intends for accountants to be able to offer additional services, those should be promulgated through new standards, not as amendments to the AUP framework.	
	ORBA	ORBA strongly supports the proposed changes to AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> and believes these revisions will allow for greater flexibility in the performance of and the reporting on these engagements. Agreed-upon procedures engagements have, traditionally, been difficult for practitioners with less sophisticated clients. These clients often find it difficult to articulate the exact procedures they require the practitioner to perform, which, under the extant standards, requires a significant amount of revisions to the procedures as the engagement unfolds. Because each revision to the procedures necessitates an amended engagement letter, these engagements cannot be performed efficiently with less sophisticated clients. We, therefore, see the opportunity for the practitioner to develop the procedures and modify those procedures during the course of the engagement based on the practitioner's understanding of the purpose of the engagement as a significant, positive change to the attestation standards.	
	PICPA	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 – <i>Selected Procedures</i> . 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... 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.	It is in the public interest to cover such engagements in the SSAEs as opposed to the consulting services standards.
	NASBA	NASBA believes that the proposed changes are in the public interest.	

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	HW	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.	
	RSM	<p>We understand the proposed revisions to AT-C section 215, <i>Agreed-Upon Procedures</i>, were drafted to address situations in which practitioners are asked to perform agreed-upon procedures engagements but the client is unable to develop the procedures themselves or engage directly with each potential user of the report who is required to take responsibility for the sufficiency of the procedures, which is a common occurrence with smaller firm clients. 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 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...</p> <p>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.</p> <p>The proposed revisions to AT-C section 215 appropriately address the objective of providing increased flexibility to the practitioner in performing and reporting on an agreed-upon procedures engagement while retaining the practitioner's ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215. 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.</p>	See previous response to NJCPA comment.
	PKF	<p>We have reviewed the exposure draft and support the concept of an assurance engagement that allows us to assist our clients in selecting procedures.</p> <p>We believe this new offering will allow us to better serve our clients as well as promote the public interest as it will be clear that the user is taking sufficiency of the procedures for their specific purposes.</p>	

Comments Relevant to AT-C 215, Agreed-Upon Procedures Engagements

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		As a firm that serves the middle market, our clients are sophisticated in their knowledge of their operations and their ultimate goals and needs. However, some of our clients would struggle with a theoretical exercise to create the detail-level set of a procedures while still clearly having a strong understanding of the overall process and their high-level needs.	
	NYSSCPA	<p>Some Society members are concerned that the proposed expansion of the scope of available services as outlined in the proposed revisions to the agreed-upon procedures section is motivated more by a desire for practitioner revenue enhancement than as a response to a genuine need within the marketplace. Conversely, members in smaller public accounting firms, with less sophisticated clients, understand that the proposed revisions to agreed-upon procedures are an overdue relief from endless revisions to procedures that were perhaps ill-conceived by the engaging party from the onset...</p> <p>The Society believes that should the proposed revisions in the exposure draft be approved and codified into the attestation standards, there will be a steep learning curve to the application of the new material, especially the changes affecting agreed-upon procedures engagements. We view this learning curve as affecting both practitioners attempting to apply the new standards and the market trying to understand how the revisions are different from the traditional agreed-upon procedures engagement.</p> <p>The AICPA has not, to date, undertaken the development of an Audit and Accounting Guide that addresses the attestation standards in general. Specific Audit and Accounting Guides exist on the topics of sustainability information, SOC 2 reporting on controls at a service organization, and examinations of controls at a service organization relevant to user entities' internal control over financial reporting. In light of the proposed changes to the attestation standards and the strong responses those changes have elicited, such a project would be helpful to practitioners in understanding the subtleties in the exposure draft.</p> <p>Another reason we believe such a project would be valuable is that some practitioners have issues with the extant standards. One area of particular concern to many practitioners involves what constitutes appropriate versus inappropriate procedures in an agreed-upon procedures engagement. Currently, third-party vendors such as Practitioners Publishing Company and others are left to provide that type of guidance. Accordingly, we strongly urge the ASB and AICPA to consider developing such a guide. Additionally, such a guide may benefit practitioners when discussing the alternatives of the revised agreed-upon procedures engagements with their</p>	

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		client, so that the client has the best possible understanding of the changes and what they mean to the client.	
	Michigan OAG	<p>We agree that a procedures-and-findings format for an agreed upon procedures engagement is appropriate and will serve the public interest. Such a format should be understandable and provide utility to a wide array of users.</p> <p>We consider the proposed revisions as providing sufficient flexibility to the practitioner to perform agreed-upon procedures.</p>	
	A-LIGN	<p>While change provides incremental value, this proposal does not meet the needs of the potential users of the report based upon valid points A-LIGN shares within several of the dissenting opinions we were asked to consider. A-LIGN agrees with the dissenting opinion that the proposed amendments are too extensive and eliminate key elements that are still relevant to practitioners' considerations of whether and how to perform an AUP engagement.</p> <p>A-LIGN also agrees with the dissenting opinion that the proposed standard should establish an explicit framework to help practitioners consider how to design and perform an AUP engagement, including consideration of which parameters would be appropriate in various circumstances.</p> <p>It is important for the proposed standard to set out reporting requirements and illustrative examples that outline the nature of the engagement that was performed and the circumstances so that it is clear what guidance to follow. It is important that users of a report have transparency about responsibility for the sufficiency of procedures performed.</p> <p>While we do agree that the proposed changes add flexibility, we agree with the dissenting opinion that the proposed changes provide too much flexibility because the changes eliminate many of the requirements and application guidance that currently apply to AUP engagements.</p>	<p>Illustrations have been presented that show how both the engagement letter and the report would be transparent regarding the nature of the engagement and who has acknowledged that the procedures (to be) performed are appropriate.</p>
	BAS	<p>While I am very much in favor of developing new services for the CPA profession, I am concerned that some of the proposed changes to the attestation standards that have been proposed in "Revisions to Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification" (the "exposure draft") are not in the public interest and may be detrimental to CPAs. In particular, I am very concerned with the changes to the agreed-upon procedures standard. Prior to retiring from public practice in 2017, I spent over 25 years working with various regulators, federal and state governmental agencies, and other organizations, including rating agencies, on the formulation of procedures that could be performed to satisfy their needs through agreed-upon procedures engagements. It was a</p>	

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		very important process to arrive at procedures that were sufficient for the intended purpose and I am very concerned that the proposed revisions will not only not serve the public interest, but will run the risk of being more destructive to the profession's reputation than increasing flexibility for new forms of engagements.	
	Illinois Society	<p>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:</p> <ul style="list-style-type: none"> 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) 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: <ul style="list-style-type: none"> 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. 	<p>The proposed standard has been revised to not refer to “sufficiency” of procedures. ED-4400 refers to “appropriateness” of procedures.</p> <p>The reporting requirements include appropriate warning regarding the use of the findings.</p>

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		<p>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.</p> <p>The proposed changes are excessive and go beyond what the Committee feels is necessary to obtain additional flexibility. The extent of the proposed changes would likely result in needless training costs and confusion among the practitioners and users of the AUP reports.</p> <p>The proposed changes should be curtailed and focus only on allowing the practitioner to develop or assist in developing procedures (provided that an engaging party and users agree to the sufficiency of the procedures). The Committee believes that except for changes discussed above and certain conforming changes eliminating the requirement for the practitioner to request a written assertion, little to no other changes to the extant AT-C section 215 are needed.</p>	<p>The PEEC is working on a Q&A document that will respond to independence concerns.</p>
	NSAA	<p>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.</p> <p>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.</p> <p>The proposed revisions do provide more flexibility. However, in its current form it is not clear if it retains important considerations and requirements relating to the practitioner’s ability to perform an agreed upon procedures engagement as contemplated in extant AT-C section 215. The ability</p>	<p>See previous response to NJCPA comment.</p> <p>ASB has concluded, consistent with ED-4400, there is little difference in taking</p>

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		to develop the procedures to be performed and not require the engaging party to assume responsibility for the sufficiency of the procedures, fundamentally changes the nature of an agreed-upon procedures engagement, and therefore we no longer believe it is appropriate to use the term 'Agreed-Upon Procedures' engagement, since the two parties are not agreeing to, and taking responsibility for, the sufficiency of the procedures.	responsibility for the "appropriateness" of the procedures vs. the "sufficiency" of the procedures. The EP and the practitioner do agree to the procedures performed.
	PBTK	<p>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 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."</p> <p>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>i.e.</i>, 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 unsupportable marketing claims of clients that would be dangerously cited or distributed for public reliance and be misleading to users in many ways.</p> <p>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.</p>	<p>ASB and ARSC disagree as presentations showing demand for increased flexibility has been presented to and considered by the AITF before the project was approved. Also, E&Y included the following comment in its letter:</p> <p>"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,</p>

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		<p>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:</p> <ul style="list-style-type: none"> • 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,” • 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, • 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.” <p>Dissenting Views of Board Members:</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, as set forth on pages 16–21 of the ED and summarized in the following bulleted paragraphs:</p> <ul style="list-style-type: none"> • Mr. Brodish: (1) “the proposed changes to AT-C section 215, <i>Agreed-Upon Procedures Engagements</i>, go beyond what is necessary to alleviate the practical challenges and could cause confusion among practitioners and users of AUP report” and (2) “the proposed amendments are too extensive and eliminate a number of important elements that are still relevant to practitioners’ considerations of whether and how to undertake an AUP engagement,” • Ms. Burzenski: (1) “the changes proposed no longer explicitly support the long-standing principles underlying attestation engagements, which have been the basis for attestation engagements for many years and are widely known and understood by users,” (2) “proposed changes to AT-C section 215 result in a weakening of the principles that underlie a frequently used and well-known engagement, to the detriment of all,” and (3) “the types of services 	<p>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).”</p> <p>The proposed standard requires that the EP acknowledge that the procedures performed are “appropriate” for the intended purpose of the engagement.</p> <p>With respect to the independence issue, the PEEC is considering the issuance of a Q&A document that will</p>

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		<p>being envisioned by the proposed standard and the independence required of the practitioner necessary to perform such ... may pose threats to the appearance of independence,”</p> <ul style="list-style-type: none"> • Mr. Cascio: (1) “the Task Force has not presented compelling reasons to support the proposed changes at this time,” (2) “direct engagements and the removal of certain required written representations from the responsible party potentially increases the attestation risk for practitioners. and (3) “questions raised ... about independence considerations related to direct engagements, are matters that should have been more thoroughly vetted prior to approving the proposed amendments for exposure,” and • Ms. Kassman: (1) “the extent of changes to eliminate reference to specific roles, including changes to requirements such as obtaining representations from the responsible party, have diluted the concept of a responsible party.” and (2) “for the responsible party to not provide a written representation ... fundamentally seems to contradict the importance of identifying a “responsible party,” even more so as it is a fundamental principle of independence.” 	<p>address independence issues.</p>
	Washington	<p>We are concerned the proposed agreed-upon procedures revisions eliminate important considerations and requirements that are foundational to traditional agreed-upon procedures engagements in extant standards. Furthermore, unless the Government Accountability Office elects to adopt these proposed revisions in its <i>Government Auditing Standards</i> (2018 Edition), a disconnect would be created between the two sets of standards. Lastly, we believe it is fundamentally misleading to include and refer to this new engagement under proposed AT-C section 215 as “agreed-upon procedures”, based on its historically understood meaning, where no parties have actually agreed to the procedures the practitioner performs.</p> <p>Therefore, we recommend the proposed expansions in AT-C section 215 instead be placed in their own separate AT-C section for a “selected” or “acknowledged” procedures engagement. Providing standards for both the traditional “agreed-upon procedures” engagement, as contained in extant AU-C section 215, and a separate section for the expanded procedures would better serve the Board’s stated intent to provide expanded flexibility for practitioners and clients, while also maintaining the integrity of the historically well-known and widely-used traditional agreed-upon procedures engagement.</p>	<p>Proposed standard does require the EP and the practitioner to agree on the procedures.</p> <p>See response to NJCPA comment.</p>
	E&Y	<p>We support the AICPA’s objective to expand the instances when a practitioner can perform and report on procedures that would provide more opportunities for companies to enhance the value of the reports they provide to customers, employees, suppliers and other stakeholders. While we believe that there is significant market demand for this type of service expansion, we believe</p>	<p>See response to NJCPA comment.</p>

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		<p>the ASB’s proposal to eliminate many of today’s requirements for agreed-upon procedures (AUP) engagements could have unintended consequences for certain specified parties when practitioners perform and report on AUPs related to contracts and regulations. Therefore, we support the creation of a new type of engagement similar to the selected procedures engagement the AICPA proposed in September 2017...</p> <p>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.</p> <p>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)...</p> <p>However, if the ASB does not pursue a separate project, we believe any final standard should retain the current requirements and application guidance of AT-C 215 when the subject matter relates to a contract or regulation.</p>	<p>Additional requirements and considerations have been included when the engagement is required by contract or regulation.</p>
	D&T	<p>D&T does not concur with the proposed amendments to AT-C 215 in the ED. The initial remit of the Specified Procedures Task Force was “to develop a standard that would result in a new service in which CPAs would perform procedures and report on the results of those procedures — without being required to request or obtain an assertion from the engaging party or restrict the use of the report.” Amending AT-C 215 was not part of the charge of the Specified Procedures Task Force. This was because there was recognition that there is an active market in the area for engagements performed in accordance with extant AT-C 215; the project was instead part of a concerted effort to provide additional optionality to the practitioner to address</p>	

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		<p>unique “agreed-upon” engagement circumstances. In our view, the resulting decision of the ASB to merge the concepts from the Selected Procedures ED with extant AT-C 215 was flawed as it did not preserve a framework for performing existing agreed-upon procedures engagements. It is well-known that the obligation for a client to request a practitioner to perform an agreed-upon procedures engagement in accordance with the SSAEs is encompassed in many contractual agreements, as well as in existing laws and regulations. We believe that the specified users in these instances anticipate that the related engagements will be performed in accordance with the requirements in extant AT-C 215. While we acknowledge that the practitioner, if performing such engagements under the proposed AT-C 215, is not precluded from requiring certain elements that were previously embedded in extant AT-C 215 (for example, requesting a written assertion, or requesting that the specified parties agree to the procedures for the intended purpose of the engagement, or including an alert in the AUP report to restrict its use), it is unlikely that this will be done consistently in practice, even when the engagement circumstances are the same, or similar. Engaging parties and users of the resulting reports are also unlikely to appreciate the differences, which in our view are significant. It is also our perspective that the ASB did not fully explore other unintended consequences of the proposed AT-C 215 amendments, for example, dual reporting in accordance with the standards of the PCAOB (using the interim attestation standards).</p> <p>D&T recognizes the need to introduce flexibility around the agreed-upon procedures engagements, and under the ambit of AT-C 215. We believe that AT-C 215 can be restructured in such a manner that the practitioner is provided the option (a proverbial “fork-in-the-road”) to perform AUP engagements under the extant requirements or to use a more flexible approach; the decision as to which option is appropriate would depend on the engagement circumstances. By doing so, we believe that the standard should retain the requirement to request a written assertion if the practitioner is performing an AUP engagement under the extant requirements. Furthermore, this approach would preserve the long-standing, and well-known and understood, AUP engagement; which is extremely important to the marketplace and users of the reports.</p> <p>We believe that sufficient guidance or a framework of considerations can be developed so that the practitioner will be able to determine what path is more appropriate given the subject matter and the engagement circumstances.</p> <p>As the ASB continues its deliberations, we express our support for optionality as it relates to:</p>	

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		<ul style="list-style-type: none"> • The engaging party acknowledging the appropriateness of the procedures for the intended purpose of the engagement. • The development of the procedures during the course of the engagement (i.e., the procedures may not necessarily be known at the outset of the attestation engagement). • The issuance of a general-use report. 	
	GAO	We believe that the proposed requirement changes to AT-C 215 are reasonable and that the application guidance is helpful. In addition, we believe that the proposed revision to AT-C section 215 is generally in the public interest.	
	PWC	<p>As we explained in our response to the ASB’s <i>Selected Procedures</i> exposure draft, we understand concerns have been expressed in relation to the potential limitations of, and practical challenges with, AT-C section 215. For example, in practice, there is currently demand in some circumstances for an AUP report to be made available to third parties who have not agreed to the sufficiency of the procedures for their purposes (e.g., in situations when the company would like to broadly communicate to users, such as the results of a benchmarking engagement or procedures performed in response to a security breach). In addition, the pre-clarity attestation standards did not require a written assertion; the assertion was generally considered implicit in describing the character of the engagement or in the detailed procedures. Accordingly, the proposed change to AT-C section 215 to require the practitioner to request an assertion has been highlighted as likely to cause difficulty in practice in certain circumstances.</p> <p>We therefore support exploring how AT-C section 215 could evolve to overcome these challenges and enable practitioners to provide services when there is market demand for them. We believe it could be beneficial to enable a company to engage a practitioner to issue a general use report on procedures and findings with respect to particular subject matters - that is, when not all of the users have agreed to the procedures.</p> <p>However, as supported by the responses to the <i>Selected Procedures</i> exposure draft, it is essential that most aspects of a traditional AUP engagement be retained, given it is a valued, well-understood, and widely used service. In seeking to overcome the limitations and challenges that may exist with today’s AUP engagements, an appropriate balance must be struck that does not undermine the quality with which AUP engagements are expected to be conducted...</p>	

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		<p>We are also concerned that the changes proposed to AT-C section 215 will potentially undermine or conflict with existing subject matter-specific standards or guidance related to AUPs, for example SOP 17-1, or other attestation engagements. Our preference is to retain the requirement to obtain a written assertion given the subject matter and acceptance of these engagements today. We therefore believe the proposed SSAE should explicitly require the practitioner to consider whether subject matter-specific standards or guidance set out specific expectations, including regarding obtaining an assertion or agreement of specified parties. Removing key elements of an AUP engagement (e.g., the requirement to restrict the report in all cases) in AT-C section 215 could undermine accepted practices that are governed by interpretive publications...</p> <p>Our recommendations 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:</p> <ul style="list-style-type: none"> • 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 <i>sufficiency</i> 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 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>Done.</p> <p>Done – as part of establishing an understanding of the engagement (see paragraph .12d of the proposed draft). However, the draft does not require that the practitioner obtain the acknowledgment of other parties</p>

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		<ul style="list-style-type: none"> ● 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. ● 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. <p>We believe this is best achieved by making limited changes to current AT-C section 215 versus drafting additional updates to the proposed SSAE...</p> <p>Finally, we believe it would be premature to move forward in finalizing the proposed standard in light of the IAASB’s recently-approved Exposure Draft of revisions to ISRS 4400, <i>Engagements to Perform Agreed-upon Procedures Regarding Financial Information</i>. Given the AICPA’s strategy to align to the requirements of the US standards with new or revised international standards (unless a requirement is not appropriate for the US environment), it seems prudent to consider if the proposed revisions to ISRS 4400 accomplish the objectives of this initiative. Doing so allows the ASB to avoid making further revisions to AT-C section 215 once ISRS 4000 is finalized to achieve convergence.</p> <p><i>Other recommendations related to application material in AT-C section 215</i></p>	<p>(many ASB members and the ARSC stated that the responsibility should be on the EP).</p> <p>The proposed standard requires the practitioner to consider whether the report should be restricted (see paragraph .36 of the proposed standard).</p> <p>Done – see paragraph .35 of the proposed standard. If the practitioner does not accept responsibility for the appropriateness of the procedures, the report is required to so state.</p>

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		<p>We also support adding clarifications in the application material for matters that occur in practice but may not be expressly addressed in the standards, such as:</p> <ul style="list-style-type: none"> ● The practitioner assisting in the development of the procedures (either through a separate consulting engagement or as an iterative part of the AUP engagement); ● The detailed procedures may not be known at engagement acceptance (only the objective of the engagement and the nature of the procedures may be known); and ● The procedures may evolve as the engagement progresses (generally to add more specificity or additional procedures as a result of unexpected results, not to remove procedures when exceptions are noted). 	
	TIC	<p>TIC appreciates the effort the Auditing Standards Board (ASB) put forth to develop this proposed SSAE, which TIC believes will provide practitioners with additional flexibility to provide services to their clients. This ED adds flexibility for practitioners that are asked to perform agreed-upon procedures in situations where the specified parties do not have the ability or willingness to fully develop or determine the procedures which is common with smaller firm clients today. In this situation, the only way a practitioner can perform these procedures under current standards is through a consulting engagement, which is not the ideal solution.</p> <p>As noted in our comment letter on the Selected Procedures ED, the consulting standards set forth by the AICPA are not nearly as robust as standards set forth by the ARSC or ASB and, therefore, leave much room for practitioner judgment. In comparison to other standards, the Statement on Standards for Consulting Services is a mere 7 pages and offers very broad and generic guidelines but no clear and distinct guidance for practitioners to follow in specific client situations. By developing a new standard under the SSAEs, TIC feels this would provide a better framework for practitioners to follow, similar to how AUP engagements are currently being performed under the SSAEs.</p> <p>TIC is aware that five members of the ASB dissented to the issuance of this ED. In reviewing the reasons for those dissents, there seems to be concern related to marketplace confusion, and the belief that practitioners should not be permitted to perform an engagement where management is not able to provide a written assertion.</p> <p>As for marketplace confusion, TIC would urge the Board to consider how many new standards and types of services have been developed over the years due to the hard work of the ASB. While TIC agrees there will be a learning curve in getting practitioners and their clients up to</p>	

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		<p>speed on these new standards, TIC does not believe that should prevent us from making what TIC believes to be welcome changes to the existing literature to allow for more flexibility and to fill a need in the current marketplace. TIC does not believe a learning curve in understanding and implementing these changes should prevent the ASB from moving ahead with what TIC believes is a long overdue change to practice.</p> <p>TIC believes the decision perform this type of engagement should be a firm risk management issue and not one where the standards explicitly prohibit such a service. TIC believes this new service would be a welcome change for those firms that deal with smaller, resource-constrained private company clients since the current attest standards do not permit this type of service from being performed.</p> <p>As previously stated, TIC believes that the changes to AUPs provide much needed flexibility and are a clear improvement in the standards that would enable practitioners to better meet the needs of engaging parties and, therefore, serves the public interest.</p> <p>TIC further appreciates that there are many ways to provide the increased flexibility in the standard, ranging from creating an entirely separate section of the AT-C standards (as originally proposed with the Selected Procedures ED) to the approach taken in the current ED. TIC's preference would be to expand the current AT-C section 215 to have two paths, one for an AUP consistent with the extant standard and another for the flexibility provided in the ED.</p> <p>In addition, there might be a way to make the two different types of reports look very different in order to avoid marketplace confusion, whereby even the titles of the reports might be different. For example, TIC believes there could be some additional language added to the report regarding what party (or parties) have agreed to the procedures and more of a "buyer" beware notation regarding the potential intended users of the report that have not agreed to the procedures which might also help alleviate some of the concerns raised.</p> <p>However, TIC would find acceptable any of the possible approaches to amending the standard that provides the desired result...</p> <p>TIC believes that the proposed changes to AT-C section 215 are needed and in the public interest. TIC has been an advocate for adding flexibility to AT-C section 215, particularly as it relates to smaller entities that can understand the purpose of the engagement and the subject matter, however, do not have the ability or willingness to fully develop or determine the</p>	<p>Done (except for report titling)– see paragraph .35 of the proposed standard.</p>

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		<p>procedures for the practitioner to perform. TIC believes that this ED provides the much-needed flexibility while retaining the option to perform an AUP consistent with the extant standards...</p> <p>TIC is also aware that the way this new type of service was originally structured under the specified procedures project was as a completely new standard, separate from a traditional AUP engagement. TIC believes that perhaps if this was structured where there was a common concepts section that is common to all AUP-type engagements, then two separate “paths” or sections within the AT-C standards that address each of the two situations involving whether or not management provides the assertions, there may be less confusion. Perhaps there could even be a creative way to have slightly different names for the two different types of AUP engagements.</p> <p>For example, there are many aspects of both a traditional AUP engagement and this new service that would be the same. However, some of the planning and reporting aspects are different. Even though it might seem repetitive, breaking this out more clearly into two distinct paths may help to alleviate some of the concerns raised about marketplace confusion related to these services.</p> <p>In addition, as TIC noted earlier in this letter, having different wording and titling for the two different types of reports may also result in less confusion and help alleviate concerns about the marketplace not being able to distinguish between these two types of AUP engagements.</p> <p>Subject to the suggestions above, TIC believes the proposed changes to AT-C section 215 are understandable and the related application guidance will be helpful in applying the new proposed requirements.</p>	
	DHG	<p>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, “<i>Agreed-Upon Procedures</i>” (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.</p>	

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		An AUP engagement has been a beneficial professional service offering for years, and any advancements to these engagements should be grounded within the foundational framework of extant AT-C 215. We acknowledge the challenges in developing any new service offering and have provided recommendations that are intended to enhance users' understanding of the services offered and to assist practitioners and engaging parties in considering how to design and conduct AUP engagements.	
	BDO	<p>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, <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 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.</p> <p>We recognize that the ASB's Audit Issues Task Force recommended that the ASB adopt a project to evaluate opportunities to provide practitioners with additional flexibility when performing agreed upon procedures engagements, including the potential for the practitioner to be involved in the design of those procedures and issue general use reports. And while we are supportive of the overarching objective of the proposed SSAE to modernize the attestation standards, we believe it is not in the public interest to change the nature of the traditional agreed-upon procedures engagement. Rather than revise extant AT-C Section 215, we believe the development of a new type of attestation service to provide the necessary flexibility would provide the needed opportunities to meet future demand while also retaining the fundamental tenets of the traditional agreed-upon procedures engagement within AT-C Section 215...</p> <p>As noted in our introductory comments, we are concerned that the proposed changes to extant AT-C section 215 go beyond what is necessary to alleviate any practical challenges in the application of the extant standard, and may cause confusion among practitioners and users of agreed-upon procedures reports that are used extensively today. We note that many commenters to the September 2017 proposed new standard, <i>Selected Procedures</i>, expressed concern regarding the proposed changes to the nature of the current agreed-upon procedures engagement. In particular, we are concerned that the elimination of substantially all of the requirements that address the concepts of an assertion-based engagement will result in</p>	<p>ASB has concluded that there is little difference between the "appropriateness" and the "sufficiency" of the procedures. ED-4400 uses the term "appropriate."</p> <p>See response to NJCPA comment.</p>

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		<p>confusion in the marketplace and inconsistent implementation of the proposed standard. We do not believe the proposed changes to AT-C Section 215 are in the public interest.</p> <p>We continue to believe an agreed-upon procedures report should be restricted to the specified parties that assume responsibility for the sufficiency of the procedures. We understand the calls for modernization of the attestation standards and support the development of such standards; however, we believe a preferred approach to such modernization would be to develop a separate standard rather than make revisions to extant AU-C section 215.</p>	
	SL	<p>SingerLewak appreciates the effort the Auditing Standards Board (ASB) put forth to develop this exposure draft, which we believe will provide practitioners with additional flexibility to provide services to their clients. This exposure draft adds needed flexibility for practitioners that are asked to perform agreed-upon procedures engagement services but in situations where the client is unable to develop the procedures themselves or to take responsibility for the sufficiency of the procedures (both of which are common issues encountered by smaller firm today). Under the current standards, the only way a practitioner can “fit in” this type of service would be through a consulting engagement, which is not the ideal solution.</p> <p>We are aware that five ASB members dissented to the issuance of this exposure draft. From reading through the reasons for those dissents, some seem concerned about marketplace confusion and others simply don’t think a practitioner should be permitted to perform an engagement where management is not able to provide a written assertion.</p> <p>The decision about whether a practitioner is willing to perform this type of engagement should be a risk management issue and not one where the standards explicitly prohibit a practitioner from performing a much-needed service in the marketplace. This would be a positive change for those firms serving smaller, less complex, private company clients where the current attest standards prohibit this type of service from being performed.</p>	
	OSCPA	<p>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 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...</p> <p>As the agreed-upon procedures engagements are currently well understood in the marketplace as to their purpose and limitations, the proposed changes may lead to misunderstandings in the</p>	

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		marketplace. Consumers/users of the reports may not understand the changes and may not realize the impact of the changes. Additional language is recommended for the revised report to make this clearer to the user.	
	NCACPA	The committee believes that the extant guidance regarding AUPs has been muddled by the addition of the new alternatives. We believe two paths have truly been created – the current version of the AUP and the updated more collaborative AUP. Because they have been included in one section, it is hard for users to distinguish what is required in each case. As a result, we believe diversity in practice will occur. We recommend separating the two engagements into separate engagement types. This will allow clear paths to be identified. We also recommend a separate name for the engagement type and a report that clearly differentiates itself from the extant AUP.	See response to NJCPA comment.
	GT	<p>We believe that practitioners could benefit most from increased flexibility in existing AT-C Section 215, <i>Agreed-Upon Procedures Engagements (AUP)</i>. As noted in our letter to Accounting and Review Services Committee dated December 1, 2017 on their Selected Procedures proposal, we believe there are certain instances where the nature of the entities involved preclude the practitioner’s ability to obtain acknowledgement of the sufficiency of the procedures from each of the parties, which makes an existing AUP impractical. This potentially denies intended users of the benefit of having an independent practitioner involved. We then went on to recommend that the concepts of a selected procedures engagement be integrated into the existing AT-C Section 215. Although we believe this approach is ultimately achievable, we would not object if the Board were to determine that separate sections within the standard aligning with current extant and selected procedures (where the practioner would agree to be engaged to perform based on the circumstances of the engagement).</p> <p>As we considered the proposed revisions to AT-C Section 215, we do not believe the proposed standard clearly defines the alternative paths available to the practitioner, as the notion of a “specified party” is significantly de-emphasized. Further, the few paragraphs of application guidance that are proposed are not sufficient to properly guide practitioners that seek to perform an extant AUP if the Board’s intention is to retain that approach. In addition, we believe there are other areas of the proposed standard that are confusing and would create operational challenges in practice...</p> <p>Introduction and preconditions Proposed paragraph .03 provides the initial indication that an extant AUP may still be performed under the proposed standard. However, we urge the Board to develop application guidance</p>	

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		<p>related to this paragraph that better describes the notion of “sufficiency” and provides matters for the practitioner to consider and circumstances where an extant AUP might be appropriate.</p> <p>We believe the preconditions set forth in proposed paragraph .11 are a bit obtuse. We strongly recommend the Board consider the proposed requirements in paragraph .21 of the IAASB’s draft International Standard on Related Services 4400 (Revised), <i>Agreed-Upon Procedures Engagements</i>, which was discussed at the recent September 2018 IAASB meeting and are as follows.</p> <ul style="list-style-type: none"> (a) The engaging party acknowledges that the procedures to be performed are appropriate for the purpose of the engagement; (b) The agreed-upon procedures and findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations; and (c) The practitioner is not aware of any facts or circumstances suggesting that the procedures the practitioner is being asked to agree are appropriate for the purpose of the agreed-upon procedures engagement. <p>We support the notion that the ultimate procedures that will be performed are not necessarily fully developed or determined prior to the practitioner accepting the engagement. Therefore we believe that the precondition can focus on the fact that the practitioner has a reasonable basis to proceed as it appears that appropriate procedures can be applied to meet the objective of the engagement.</p>	Done – see revised paragraph .11b
	FICPA	The Committee agrees with 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. We also agree that the proposed provisions appropriately increase the practitioner’s flexibility.	
	Crowe	<p>We believe that the Proposed Standard provides increased flexibility in the performance of Agreed-Upon Procedures (AUP) engagements and use of the resulting reports. We note, however, that the current AUP standard is widely used and well understood in the marketplace as to its purpose and limitations and the changes as a result of the Proposed Standard may lead to misunderstandings in the marketplace. Users or potential users of the reports may not fully understand the changes and may not realize the impact and limitations of the changes.</p> <p>We believe there may be unintended consequences of the proposed changes, which will specifically lead to increased business risk for practitioners. The proposed changes related to</p>	

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		<p>removing the provision that the specified parties are responsible for the sufficiency of the procedures for their purposes, removing the requirement to agree upon the procedures before the procedures are performed, and allowing practitioners to apply additional procedures will increase the risk of misunderstandings between parties to the engagement and in the marketplace. Under the Proposed Standard, the client’s determination of the appropriateness of the procedures occurs after the procedures have been performed and before the report is issued. The lack of clarity in the beginning of the process due to procedures not being clearly delineated at the beginning of the engagement, and the client no longer taking responsibility for the sufficiency of the procedures, increases the risk of misunderstanding between the parties substantially. With less agreement at the beginning of the engagement, the procedures performed may not be as expected or desired by the engaging party, thereby creating issues when reporting on the results of the procedures.</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.</p>	
	BT	<p>We believe 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 both needed and in the public interest. It is not uncommon for practitioners to be asked to perform engagements under the attestation standards that cannot be performed as attestation engagements due to certain requirements in the current attestation standards that can’t be met based on the nature of those engagements (e.g. balloting services). Practitioners are forced to either decline those engagements or perform them as consulting engagements, neither of which we believe are in the public interest.</p> <p>We believe that the proposed revisions to AT-C section 215 do provide increased flexibility while retaining the practitioner’s ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215, however, we would recommend that the ASB consider adding application guidance to assist practitioners in situations where they choose to request an assertion from the responsible party.</p>	
Responsibility for procedures performed/independence			
	NJCPA	<p>The Group does not agree with the proposed revision to AT-C section 215, whereby no party would be required to accept responsibility for the sufficiency of the procedures and, instead, the practitioner would be required to obtain the engaging party’s acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement. The practitioners’ role is to perform the procedures, not to take responsibility for the sufficiency of the procedures; that role is reserved for the responsible party. By eliminating the requirement</p>	<p>The ASB determined that the “appropriateness” construct is more appropriate and consistent with ED-</p>

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		for the responsible party to acknowledge the sufficiency of the procedures, the Board is exposing the practitioner to liability if, in fact, the procedures are not sufficient.	4400.
	ORBA	ORBA also strongly supports the provisions in the proposed standard which would release the practitioner from the requirement to get each specified party to agree to the procedures to be performed and take responsibility for the sufficiency of the procedures. To provide a specific example, one of our partners recently cited an instance where a landlord wanted us to perform agreed-upon procedures on a schedule of common area maintenance expenses for a commercial rental property with the intent of providing that report to each of the tenants. When we informed the client that each tenant would have to agree, in advance, to the procedures and to the sufficiency of the procedures for their purpose in the engagement letter, the client balked. The time and effort to get each of 50 tenants to agree to the procedures and return a signed engagement letter was prohibitive to the efficient performance of the engagement. In addition, we were precluded from performing the engagement under the consulting services standards, because the landlord wanted the increased credibility an attest report provided. We, therefore, had no attest service to provide the client other than an audit of specified elements or accounts. The cost of the engagement increased significantly. Under the proposed revised standard, we could have performed the agreed-upon procedures engagement without first obtaining each tenant's agreement as to the sufficiency of the procedures to be performed.	
	NASBA	As stated in NASBA's November 27, 2017 letter to the Accounting and Review Service Committee on the Selected Procedures proposal, NASBA continues to believe a party other than the practitioner has to be responsible for the appropriateness of the procedures. While we acknowledge there will be situations where the practitioner suggests procedures to be performed, the standard should be clear the appropriateness of the procedures remain the responsibility of the requesting, responsible and/or engaging party. NASBA believes the practitioner would not be independent if the practitioner is, or is perceived to be, responsible for the appropriateness of the procedures.	<p>The proposed standard includes a requirement that the practitioner obtain a written acknowledgment from the EP that the procedures are appropriate for the intended purpose of the engagement (see paragraph .23).</p> <p>The PEEC is considering a Q&A document that would address</p>

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		Paragraph.A52 of proposed AT-C section 215 permits a practitioner to include an explicit statement in the report that the practitioner makes no representation regarding the appropriateness of the procedures either for the purpose for which the practitioner's report has been requested or for any other purpose. NASBA suggests that this statement be required in general use reports and when users of the report have not explicitly agreed to the procedures to be performed. For example, by modifying some of the language in AT-C 215.A69 Example 3, all AUP reports should include language such as the following (comparable to extant): "The appropriateness of the procedures is solely the responsibility of the users of this report, and 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."	independence concerns. Done – see paragraph .35i-j.
	HW	We support the idea of the engaging party acknowledging that the procedures performed are appropriate for the intended purpose of the engagement.	
	RSM	We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in such an engagement. Although the engaging party needs to acknowledge that the procedures performed are appropriate for the intended purpose of the engagement, the engaging party is not always knowledgeable about what is sufficient for the user. The user of the report needs to determine whether the procedures are sufficient for their purposes. If the practitioner tells the user which procedures were performed, the user of the report can then determine their sufficiency.	
	TSCPA	We do not support this proposed revision to AT-C section 215. 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.	PEEC is considering a Q&A document that will address independence concerns.
	Michigan OAG	The proposal to use the word "appropriate" rather than "sufficient" led us to the dictionary to determine whether there is a discernable difference. We note "sufficient" as "enough to meet the needs of a situation" and "appropriate" as "especially suitable or compatible." While we are not aware of situations where the engaging party cannot assert to the sufficiency of the agreed-upon procedures, if the Board is aware of such situations we do not object to the use of the word "appropriate." However, we are concerned whether the use of the word "appropriate" may be interpreted differently by users such that it creates an "expectation gap" between the practitioner and the user.	ASB agrees that there is no practical difference in the terms. ED-4400 uses the term "appropriate."

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	A-LIGN	We do agree with the concept that the engaging party would sign an acknowledgment that the procedures performed were appropriate for the purpose. A-LIGN does not feel that there should be flexibility in this. The practitioner should not be drawing an opinion of whether or not the procedures were sufficient in a findings based report.	
	BAS	<p>Practitioners often underestimate their legal exposure for agreed-upon procedures (AUP) engagements, which in many cases are typically performed for very nominal fees. Having scenarios where no parties are responsible for the sufficiency of the procedures will significantly increase that exposure...</p> <p>I am concerned that the proposed revision to AT-C section 215, whereby no party would be required to accept responsibility for the sufficiency of the procedures is not in the public interest—someone has to be responsible for the sufficiency of the procedures for the intended purpose and, if not the engaging party or other party specifying the procedures, that responsibility would then have to fall on the practitioner. However, the proposed revisions fail to address that point. I am also concerned that the inclusion of a statement in the practitioner’s report that the engaging party acknowledged that the procedures performed are appropriate for the intended purpose of the engagement will confuse users of the report as to what that actually means. Users may believe that ‘appropriate for the intended purpose’ does, in fact, consider sufficiency as suitability would encompass sufficiency. Stating the converse, procedures that are insufficient for the intended purpose should not be considered appropriate...</p> <p>I believe that the flexibility proposed will cause the extant form of agreed-upon procedures to disappear as engaging parties would move away from taking responsibility for the sufficiency of the procedures and lay that responsibility on the practitioner. I expect that even regulators would merely state what the objective is for procedures, leaving the practitioner to be responsible for determining the form and sufficiency of procedures to perform. However, the proposed changes fail to address the practitioner taking responsibility for the sufficiency of the procedures...</p> <p>It is inappropriate for no party to take responsibility for the sufficiency of the procedures, and attempts by the AICPA to go down that path is a very slippery slope for the professional reputation of CPAs. To further illustrate my point, take the report language in Example 3, in which an additional paragraph is included that discusses responsibility for the sufficiency of the procedures. In such example, it illustrates that the engaging party (and if applicable, other parties) is solely responsible for the sufficiency of the procedures and that the practitioner makes no representation regarding the sufficiency of the procedures. I question why all reports do not have some statement about responsibility for the sufficiency of the procedures. For example, if</p>	

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.03 and .A13		<p>the ASB believes it is acceptable for no one to be responsible, then the report language should explicitly state that the practitioner has no responsibility for the sufficiency of the procedures and makes no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose. Such a statement, however, is likely to be perceived rather negatively by report users if they read that no one is taking responsibility. As the exposure draft is currently drafted, report users are likely to be confused why some agreed-upon procedures reports include that particular paragraph but not others, and may justifiably assume that the practitioner has assumed the responsibility for sufficiency of the procedures when such a statement is not included...</p> <p>The requirement to obtain an acknowledgement regarding the appropriateness of the procedures is a key new concept yet there is no application guidance regarding exactly what this really means; accordingly, it leaves considerable room for widely varying interpretations. The application guidance regarding obtaining such acknowledgement from other parties when the practitioner decides to restrict the use of the practitioner's report begs the question as to why such acknowledgements are not obtained if the report is unrestricted.</p>	<p>If the practitioner does not accept responsibility for the appropriateness of the procedures, the report is required to so state (see paragraph .35i). EP is <u>always</u> required to take responsibility for the appropriateness of the procedures.</p> <p>Additional requirement is added at paragraph .12d and guidance at paragraphs .A11-.A13.</p>
	Illinois Society	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.	Proposed standard does require that the EP acknowledge that the procedures are appropriate.
	NSAA	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.	Proposed standard does require that the EP acknowledge that the procedures are appropriate.
	PBTk	We support retaining the status quo in which the procedures applied in agreed-upon procedures engagements are selected or approved by specified parties and performed by the practitioner. The engaging party's lack of qualifying experience to select appropriate procedures is not an obstacle as the practitioner is not precluded from recommending suitable procedures for	

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		approval and acceptance of responsibility by the engaging party and the procedures intended users. The proposed revisions would expand the range of parties able to select the procedures and determine their nature, timing and extent to include the practitioner, the engaging party or any other party. We see no reason to support this expansion.	
	CLA	<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.</p>	<p>Proposed standard does require that the EP acknowledge that the procedures are appropriate.</p> <p>PEEC is considering a Q&A document addressing independence concerns.</p>
	E&Y	<p>We believe the practitioner should continue to be required to obtain agreement from all specified parties that the procedures are appropriate for the purpose of the engagement when the subject matter of the engagement relates to a contract or regulation. We are concerned about possible unintended consequences if the engaging party is the only party required to acknowledge the appropriateness of the procedures. For example, the practitioner may unwittingly agree to perform and report on procedures prescribed only by the engaging party that may be designed to produce biased results (i.e., favor the engaging party at the expense of the other parties specified in the practitioner's report). This would be particularly troubling if the findings in the report are used as the basis for the specified parties to take actions (e.g., pay differences identified in the findings). Also, because a practitioner could assume responsibility for the sufficiency of the procedures performed for the purpose of the engagement, obtaining acknowledgement from all specified parties would prevent the potential unintended consequence that the users of the report inappropriately interpret that the practitioner is providing assurance.</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</p>	<p>Additional requirements and guidance added that would direct additional parties to acknowledge the appropriateness of the procedures when the engagement is performed in accordance with contract or regulation (see paragraphs .12 and .A10-.A13)</p>

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		<p>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 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.</p> <p>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.</p>	<p>The proposed standard does not preclude the practitioner from accepting responsibility (in addition to the EP) for the appropriateness of the procedures. PEEC is considered a Q&A document that will address independence concerns.</p>
	GAO	We also believe that adding a requirement to obtain the engaging party's acknowledgment that the procedures performed are appropriate for the engagement's intended purpose is helpful when no party accepts responsibility for the sufficiency of the procedures.	
	PWC	We have some concern with the underlying premise of the proposed SSAE that no party would be required to take responsibility for the sufficiency of the procedures. In our view, this could be perceived by users as the practitioner taking such responsibility, even if the report states that is not the case. To alleviate this concern, we believe the proposed standard should require that it	Done. See paragraphs .15f (engagement letter); .23 (written

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		be clear in the engagement letter, the written representation, and the practitioner’s report that the engaging party ultimately takes responsibility by both agreeing to the procedures and acknowledging they are appropriate for the intended purpose of the engagement.	acknowledgement); .A32 (which states that acknowledgment may be in engagement or rep letter); and .35g (report).
	TIC	<p>TIC agrees that no party would be required to accept responsibility for the sufficiency of the procedures. TIC also agrees that the engaging party would be required to acknowledge that the procedures performed are appropriate for the intended purpose of the engagement.</p> <p>TIC also understands and appreciates that a “traditional” AUP as provided for under current standards continues to be allowed under the ED. In particular, AT-C section 215.03 of the ED indicates in part “additionally, there may be engagements in which the engaging party or other parties assume responsibility for the sufficiency of the procedures.” TIC believes that this paragraph could be expanded or Application and Other Explanatory Material added to provide further clarity between “acknowledging that the procedures are appropriate for the intended purpose” and “assuming responsibility for the sufficiency of the procedures.” TIC believes that paragraph should make it clear that the traditional AUP engagement we have always known under the AT-C standards is not being removed, the ASB is just expanding the ability for the practitioner to be able to provide similar services when the client is either unwilling or unable to design the procedures. Such clarity will help practitioners distinguish between an AUP engagement performed under current standards and an AUP engagement performed using the flexibility provided in the ED.</p> <p>TIC also suggests that all AUP reports 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” (taken from Extant AT-C section 215.35 and abbreviated). Adding this language to all AUP engagements performed under the new proposed standards will help users of AUP reports understand the extent of practitioner responsibility.</p>	<p>Cited language has been deleted from the draft.</p> <p>Done – see paragraph .35i (would not apply if the practitioner does accept responsibility for the appropriateness of the procedures).</p>
	DHG	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	

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		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 engagement taking responsibility for the sufficiency of the procedures.	
	SL	We agree that no party would be required to accept responsibility for the sufficiency of the procedures, and also that the engaging party would be required to acknowledge that the procedures performed are appropriate for the intended purpose of the engagement.	
	OSCPA	This change increases the risk to the practitioner, and the committee felt management of the engaging party should accept responsibility for the sufficiency of the procedures in order to preserve the independence of the practitioner. The committee understands and supports the intent to align the proposed standard with the assistance a practitioner may provide in current practice. The committee believes however, that the engaging party has the ability and knowledge to take responsibility for the sufficiency of the procedures even if the practitioner helped develop the procedures. The committee discussed whether this was similar to an audit, in that a client does not take responsibility for the procedures in an audit, however discarded this argument since the client does take responsibility for the financial statements in a representation letter. The committee understands procedures may change over the course of an engagement, however felt that the acceptance of these modifications through the engaging party's approval of a draft report was appropriate and did not create an administrative burden of obtaining a revised engagement letter each time a procedure changed.	PEEC is considering Q&A document addressing independence concerns.
	NCACPA	The Committees agree with allowing the practitioner to take on an increased role in developing or assisting the engaging party in developing the procedures to be performed. The practitioner often has insight based on their overall experience in complex accounting issues that would allow them to share guidance based on knowledge the engaging party may not have. A collaboration between the practitioner and the engaging party increases the likelihood that both sides will have the same expectations about what objectives need to be accomplished and the procedures that are necessary in order to accomplish those objectives. Therefore, we believe an increased role by the practitioner is needed and in the public interest. However, 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	PEEC is considering Q&A document addressing independence concerns.

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		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.	The proposed standard does include a requirement that the EP acknowledge that the procedures are appropriate.
	CR	<p>We support the ED’s proposed change to extant AT-C 215 shifting away from the premise of specified parties determining the procedures to be performed by the practitioner and assuming responsibility for the sufficiency of the procedures and moving to a premise where the practitioner, the engaging party, or any other party, develop the procedures with the engaging party acknowledging the appropriateness of the procedures. We feel this shift appropriately reflects on what is significant for a quality engagement. We feel that much of extant AT-C 215 could be kept as is with the following changes:</p> <ul style="list-style-type: none"> ▪ Remove the requirement to restrict the report as to use ▪ Remove the requirement for the specified parties to agree to the sufficiency of the procedures <p>Such would increase flexibility, reduce potential confusion of practitioners, and reduce marketplace confusion (which would be in the public interest)...</p> <p>We also believe the practitioner should be prohibited from assuming responsibility for the sufficiency of the procedures.</p>	The proposed standard allows the practitioner to accept responsibility for the appropriateness of the procedures.
	KPMG	We understand the reason for replacing the term “sufficiency of the procedures”, which is because there may be circumstances where the procedures performed are a part of the engaging parties overall objectives. In all instances, however, we believe the engaging party has to agree to the procedures performed and provide specific written representations.	The proposed standard does include a requirement that the EP acknowledge that the procedures are

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			appropriate.
	FICPA	<p>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.</p> <p>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 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 <i>engagement letter</i> before the start of the engagement, and not after its completion.</p>	<p>The proposed standard does include a requirement that the EP acknowledge that the procedures are appropriate.</p> <p>PEEC is considering Q&A document addressing independence concerns.</p> <p>The revision to only require that the EP acknowledge responsibility for the appropriateness of the procedures is consistent with ED-4400. The draft standard includes requirements and guidance with respect to obtaining acknowledgment from other parties.</p> <p>Requiring acknowledgment prior to report issuance provides</p>

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			flexibility. If procedures are known at the onset, the acknowledgment can be in the engagement letter.
	Crowe	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.	The proposed standard does include a requirement that the EP acknowledge that the procedures are appropriate.
	BT	We believe that the procedures-and-findings format report provides users with sufficient information to decide whether the procedures performed and findings reported are appropriate for their purposes, therefore, we do not believe that it is necessary to require any party to accept responsibility for the sufficiency of the procedures	The proposed standard does include a requirement that the EP acknowledge that the procedures are appropriate.
Terminology and definitions			
	GT	<p><i>Criteria</i> We strongly urge the Board to eliminate the notion of “criteria” from the AUP standard. Even as the AUP standard exists today, practitioners struggle with understanding what role “criteria” plays in an AUP engagement, and it appears inclusion of the term is unnecessary to sufficiently execute the engagement. We further note this concept is not in the extant International Standard on Related Services 4400, <i>Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i>. We believe instances of the use of criteria can be easily revised to focus on procedures and subject matter. This project provides the Board with an opportunity to make such revisions, and, in our opinion, improve the understandability of the standard in general.</p> <p><i>Specified parties</i> In order to make the proposed standard more operational in cases where a practitioner performs an extant AUP, we recommend that the Board reinstate extant paragraphs .10a and 10b, which</p>	<p>Done.</p> <p>While the proposed standard does not reinstate the</p>

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		<p>discussed specified parties. However, we do not believe these paragraphs should reside in the context of preconditions. Rather, they can be developed into a separate section (adjacent to the section on agreeing to the terms of the engagement), along with the following requirement set forth in extant paragraph .11 and its related application guidance.</p> <p>The practitioner should not accept an agreed-upon procedures engagement when the specified parties do not agree upon the procedures performed, or to be performed, or do not take responsibility for the sufficiency of the procedures for their purposes....</p> <p>Ultimately, we envision a construct similar to that used in AU-C Section 600, <i>Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)</i>, whereby common requirements are set forth and then other requirements are organized by whether the group auditor will make reference to the component auditor or take responsibility for the component auditor’s work. In a similar fashion, we believe the proposed standard could be set up to contain sections specific to when an extant AUP engagement is performed and when the new more flexible AUP engagement is performed, including, for example, the extant guidance with respect to adding specified parties.</p> <p>We believe the standard should be further clarified to address the interaction between the presence of specified parties and restricting the use of the practitioner’s report. In instances where the practitioner obtains acknowledgement from specified parties, does that automatically indicate that the report would need to be restricted to those parties? Conversely, would a specified party be required to sign an acknowledgement in order to be named in the report restriction? While we acknowledge the flexibility provided in the proposed standard is beneficial, we recommend that the requirements with respect to the concepts of specified parties and report restrictions be more specific to address potential confusion/inconsistencies that may develop in practice.</p>	<p>paragraphs from extant, revisions have been made to require, as part of establishing an understanding with the EP, that the practitioner understand the intended users of the report (see paragraph .12a) and whether additional parties will be requested to acknowledge that procedures are appropriate (see paragraph .12d).</p> <p>The proposed standard revises the restriction requirement to a “should consider” and provides application guidance as to what that consideration may entail.</p> <p>With respect to being named in the report, while the other parties would have to have acknowledged that the procedures</p>

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		<p><i>Nonparticipant parties</i></p> <p>We believe it would be helpful for practitioners if the Board reinstated the definition of a “nonparticipant party” to provide better context to proposed paragraph .A61. As noted, we believe that extant AUP will continue to have a place in the market and that practitioners should therefore have sufficiently clear guidance to properly execute on all aspects of an extant AUP.</p>	are appropriate, that can be done with the EP and then the EP would rep to the practitioner that they have obtained such acknowledgment.
.03	GT	<p>We recommend the following edits, shown in bolded italics and strikethrough, to the second sentence of this paragraph.</p> <p>Circumstances may exist in which the practitioner may want <i>determine it appropriate to obtain</i> acknowledgement regarding the appropriateness of the procedures from other parties in addition to the engagement party...</p>	
Engagement letter			
	MICPA	We applaud the changes on the engagement letter. Current practice involves a significant effort so effectively when we have finalized the engagement letter, the report is also complete. In addition, as CPAs, we are typically more effective at developing the required procedures.	
.A13-.A15	GT	We note that the guidance with respect to restricting use and obtaining acknowledgement of the sufficiency of the procedures use in application paragraphs .A13-.A15 may not be well understand as to (1) whether restricting the use requires the practioner to obtain an acknowledgment from those parties (we believe that this should not be required); and (2) whether certain guidance paragraphs are intended to be viewed as requirements in a circumstances where acknowledgement is obtained. For example paragraph .A15 with respect to the engagement letter indicates the “may include that other parties acknowledge that they assume responsibility for the sufficiency of the procedures” but does not require such. We recommend the Board revisit the guidance in these paragraphs to be clear as to what the practioner is required to perform if the engagement is being performed under extant requirements. We acknowledge this may need to include the addition of requirements that would be positioned as ‘if applicable, however, we believe this is necessary if the extant AUP approach is integrated with the proposed changes.	Paragraphs .A13 and .A15 have been deleted. Revised paragraph .15 (the elements of the engagement letter) require that parties that will be requested to acknowledge that procedures are appropriate (if known at the onset) be identified and

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			the EP will acknowledge that they will rep that they have obtained that acknowledgment from the other parties.
.12	GT	After proposed paragraph .12, we recommend reinstating extant paragraph .13, which states “The agreement should be addressed to the engaging party.” It is unclear why this requirement would be eliminated in the context of this project, and we believe it is an appropriate requirement to retain.	The engagement letter requirement in the auditing standards and SSARs do not include a similar requirement.
.A8	GT	Suggest clarifying this guidance as it is not clear whether this is intended to be a non-attest service or Consulting standards or both.	The paragraph has been deleted.
.A15	GT	It seems as though this paragraph should also incorporate the notion that other parties may acknowledge that the procedures are appropriate for the intended purpose of the engagement to accommodate both potential paths that can be taken within the proposed standard.	The paragraph has been deleted.
Content of report			
.32-.33, .A45, and .A55	BAS	<p>The exposure draft introduces several new descriptive terms that would be permitted in the title of the practitioner’s report, namely ‘specified’ and ‘selected’, to describe the nature of procedures. Use of such terms are only likely to cause confusion for users as to whether they are different from an agreed-upon procedures engagement and, if so, how they differ.</p> <p>Extant AT-C section 215 permitted the report to include a reference to a list of procedures rather than including the list itself. The exposure draft includes the same language; however, if the ASB goes down the path of permitting general use reports, referring to a list of procedures instead of including the procedures disadvantages those report users who are not likely to be familiar with where such information is publicly available and requires them to retrieve it to fully comprehend the report. I believe that such reference was permitted in the extant standards as it was assumed that the users to whom the report was restricted would have such procedures readily available to them. Application guidance and illustrative report language should be added to illustrate how to clearly direct intended users to where the list of procedures can be found.</p>	<p>The additional new descriptive terms have been deleted (see paragraph .A45).</p> <p>Open.</p>

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	E&Y	<p>We believe any final standard 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:</p> <ul style="list-style-type: none"> ▶ 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 <p>...</p> <p>The proposed changes to AT-C 215 would allow practitioners to continue using the term agreed-upon procedures when titling a report or describing the procedures performed even when the engaging party is the only party designing and acknowledging the appropriateness of the engagement procedures. Unless all specified parties have agreed to the procedures performed and use of the report is restricted to those parties, we believe titling a report as an AUP report should be prohibited to avoid misleading users of the report. In addition, when parties specified in the practitioner’s report have not acknowledged that the procedures are appropriate for the intended purpose of the engagement, we believe that fact should be disclosed in the practitioner’s report.</p>	<p>Paragraph .A41 states that the practitioner may determine to restrict the use of the report or disclose in the report that representations were not received.</p> <p>Open.</p> <p>No prohibition on the titling of the report. However, paragraph .A45 and the illustrative reports have been revised to refer only to “Practitioner’s Report.”</p>

Summary of Comments on ED, *Revisions to SSAE No. 18*, Attestation Standards: Clarification and Recodification, and Responses
ASB Meeting, May 20-23, 2019

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			The proposed requirements would require that additional parties acknowledge the appropriateness of the procedures in order to be named in the report (see paragraph .35g(2)).
	D&T	<p>It is imperative that the agreed-upon procedures reporting elements require the optionality selected by the practitioner based on the engagement circumstances to be disclosed in the report, as this will provide transparency for the engaging party and users of the agreed-upon procedures report. These elements would include (among others) a statement as to whether or not:</p> <ul style="list-style-type: none"> • The practitioner received a written assertion. • The engaging party acknowledged the procedures being performed. • The specified parties agreed to the sufficiency of the procedures being performed for their purposes. 	<p>Pursuant to ASB directive, the revised standard does not include requirements with respect to an assertion.</p> <p>Required (see paragraph .35g).</p> <p>Required – except term is “appropriateness” (see paragraph .35g(2))</p>
	MICPA	We did have one group note that while the proposed changes add flexibility in performing AUP, the proposed amendments are too extensive and a level of transparency is lost. There could be potential confusion about how is responsible for the procedures performed and users of the report may interpret that the accountant is providing some level of assurance. This group believes that the statement, by the accountant that they make no representation regarding the	The proposed standard requires, if applicable, that the report include a statement that the

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		sufficiency of the report is valuable and should be permitted to be included, at the option of the accountant.	practitioner makes no representation regarding the appropriateness of the procedures (see paragraph .35i).
	PWC	We believe the report should include clear disclaimers, similar to language that is used today, to clarify that the practitioner makes no representation regarding the sufficiency of the procedures enumerated in the report either for the purpose for which the report has been requested or for any other purpose. We also support including language that was proposed in the illustrative report in the <i>Selected Procedures</i> exposure draft that “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 sufficiency of the procedures for their intended purpose.” Given our other suggestions in relation to the need for the engaging party to agree to the procedures and acknowledge they are appropriate in the context of the business purpose of the engagement, reference to “sufficiency” could be changed to “appropriateness” in these sentences in the report.	Done – see paragraph .35i. Done – see paragraph .35j.
	DHG	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 “ <i>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</i> ” 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.	The proposed standard does not preclude the practitioner from accepting responsibility for the appropriateness of the procedures (ASB meeting – January 2019). Done – see paragraph .35i.

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		<p>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, <i>“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 appropriateness of the procedures for their intended purpose.”</i></p> <p>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.</p>	<p>Done – see paragraph .35j.</p>
	OSCPA	<p>The committee felt at a minimum, the report should include an explicit statement that the practitioner is not taking responsibility for the sufficiency of the procedures. While this could be construed as negative language, the committee felt the inclusion of this language was more beneficial and outweighed the business risk associated with potential misunderstandings in the marketplace as to the procedures performed. This is underscored by the permissibility of the practitioner to apply additional procedures, which make create an assumption in the marketplace that the procedures performed were sufficient, when that is a very subjective determination depending upon the report user.</p> <p>The committee feels the language in the report example for general use, which states that the report may not be suitable for any other purpose than that acknowledged by the engaging party should be strengthened. The wording should explicitly state the need for the user of the report to make their own determination of the sufficiency of the report for their intended use.</p>	<p>The proposed standard does not preclude the practitioner from accepting responsibility for the appropriateness of the procedures (ASB meeting – January 2019).</p> <p>Done – see paragraph .35j.</p>
	KPMG	<p>The requirement to include a description of the intended purpose of the agreed-upon procedures engagement was expressly removed as a requirement with the issuance of SSAE No. 18 based on the notion that the intended purpose was not necessary if the procedures and findings were transparent. We continue to believe the intended purpose is not necessary. Further, when under the Proposed Standard, no one is responsible for the sufficiency of the procedures, adding the intended purpose could potentially mislead users to believe that the practitioner is responsible</p>	

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		for the sufficiency of the procedures detailed in achieving the intended purpose of the engagement.	
	GT	We are generally supportive of the proposed revisions to the illustrative practitioner's reports and related requirements. However, while we appreciate that the statement regarding the fact that the report may not be suitable for any other purpose was retained, we believe that the practitioner should explicitly disclaim responsibility for the sufficiency or appropriateness of the procedures performed, as applicable under the engagement circumstances. The absence of such a statement could imply that the practitioner does take some level of responsibility for the procedures performed, which we do not believe would be appropriate.	The proposed standard does not preclude the practitioner from accepting responsibility for the appropriateness of the procedures (ASB meeting – January 2019).
.A43	GT	We recommend considering additional guidance with respect to circumstances where the description of the procedures performed may be viewed as misleading. This also might include circumstances where certain procedures were initially performed however the engaging party indicates that those procedures may not be necessary to include in the final report.	
.32e	GT	We strongly recommend that the Board add a requirement to this paragraph as sub-bullet (iii) that the practitioner does not take responsibility for the appropriateness of the procedures. Language to this effect is included in extant AT-C section 215, and we believe it is essential in making the practitioner's responsibilities clear in the practitioner's report. Our suggested language is as follows. The practitioner makes no representation regarding the appropriateness of the procedures either for the purpose for which the report has been requested or for any other purpose.	The proposed standard does not preclude the practitioner from accepting responsibility for the appropriateness of the procedures (ASB meeting – January 2019).
General use vs. restricted use reports			
	TSCPA	We believe that these types of reports should remain restricted.	
	BAS	Further, some lists may not be publicly available; however, no requirement or application guidance was provided that cautioned the practitioner as to whether it would be appropriate to issue a general use report in such circumstances. Accordingly, if the ASB goes down the path of permitting general use reports, I believe that a fourth circumstance should be added to paragraph .33 to require an alert restricting use to those parties who have the list of procedures when such list is not publicly available.	Paragraph .35I has been revised for consistency with ED-4400 and does not include a reference to the list of procedures.

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	PBTK	The revised standard would allow for general use reports where only restricted reports are currently acceptable. Under the Proposal, restricted use reports would be permitted in any case but required only in limited circumstances. We believe that, for the most part, restricted reports will likely be issued by cautious and prudent practitioners in practice most of the time even if the Proposal is adopted intact in this respect. Nevertheless, we believe the reports should be required to be restricted in all cases as they are now to manage the risk of undue user reliance and exposure to litigation.	The intent is to provide additional flexibility.
	E&Y	<p>We also support the proposed changes that would no longer restrict the use of all AUP reports to the specified parties that assume responsibility for the sufficiency of the procedures performed. However, we still believe the practitioner should be required to restrict the use of the report and provide disclosure when (1) the engaging party is unable to determine the party or parties responsible for the subject matter or (2) the subject matter is “sensitive” (i.e., subjects addressed in the AT-C 300 series, internal controls, cybersecurity risk management programs and information related to the sale of securities) and the party responsible for the subject matter refuses to provide a representation that the subject matter is in accordance with the criteria.</p> <p>In addition, for subject matter that is “not sensitive,” when the responsible party is unwilling to provide a representation acknowledging its responsibility that the subject matter is in accordance with specified criteria, we believe the practitioner should consider restricting the use of the report and/or disclosing in the report the responsible party’s refusal to provide the representation. We recommend adding this example to the proposed application guidance.</p>	<p>The proposed standard includes application guidance that the practitioner may consider in determining whether to restrict the use of the report (see paragraphs .A54-.A56)</p> <p>See paragraph .A41.</p>
	MICPA	We also believe that the general user provision will be helpful.	
	GAO	We believe that the revision of AT-C 215 allowing the practitioner to issue a general use report is reasonable, unless the procedures are prescribed and the practitioner is precluded from designing or performing additional procedures, the criteria are not available to users, or the criteria are suitable only for a limited number of users.	The requirement has been revised to require the accountant to consider restricting the use of the report and not requiring restricted

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			use in any scenario. (see paragraph .36)
	DHG	<p>The Attestation Proposal would no longer require the practitioner to restrict the use of all AUP reports to the specified parties that assumed responsibility for the sufficiency of the procedures. We support removing the requirement that all AUP reports be restricted, while providing scenarios where restricted access is warranted, in particular paragraphs .33(b) and (c). However, we believe the ASB should remove the requirement to restrict the usage of the report in situations where the engaging party prescribes the procedures and precludes the practitioner from performing or designing additional procedures, as it could potentially limit situations where knowledgeable engaging parties are restricted from distributing their reports to other informed users.</p> <p>For instance, Client A requests a practitioner to only perform certain procedures (i.e. Client A prescribes the procedures and precludes the practitioner from performing or designing additional procedures). Under the Attestation Proposal, the practitioner is required to restrict the report. However, assuming similar subject matter and general objectives, except for the fact that Client B requests the practitioner’s assistance in designing the procedures, the AUP report is not required to be restricted. As a result, the Attestation Proposal would permit a general use report for Client B and require a restricted use report for Client A, with the only difference being that Client A was able to design the procedures without assistance from the practitioner.</p> <p>We believe it was not the ASB’s intention to limit knowledgeable engaging parties’ ability to distribute these reports, regardless of whether or not the practitioner assists in the development of the procedures. Alternatively, we believe the ASB should allow for flexibility in providing general use reports, while providing guidance where restrictions may be warranted in certain scenarios. We believe this is consistent with other standards developed by the AICPA.</p> <p>Furthermore, there may be situations where the terms of an AUP engagement require distribution of the report to specific parties. In these situations, we believe it would be in the public’s best interest to clarify that such reports should be restricted to those specified parties. We believe paragraph .A63 of AT-C 215 of the Attestation Proposal provides a basis for the practitioner to restrict the report under these circumstances, and strongly recommend the ASB move this paragraph from application guidance to the requirements in paragraph 33.</p>	The requirement has been revised to require the accountant to consider restricting the use of the report and not requiring restricted use in any scenario. (see paragraph .36)
	NCACPA	The Committees recognize the value in the flexibility of being able to use judgment in terms of when to restrict the users of an agreed-upon-procedures report. However, the Committees are	

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		concerned about agreed-upon-procedures reports being relied on by third parties to make decisions in situations where an audit or limited assurance report on the financial statements taken as a whole, along with accompanying footnotes provide more complete and relevant information that should be relied on. If the practitioner does not limit the use of limited assurance reports and third party users incorrectly rely on that information to make a decision, practitioners are unnecessarily opened up to exposure to litigation and other liabilities. Third party users making incorrect decisions as a result of relying on the results of the wrong type of engagement for their needs is not in the best public interest. Increased litigation and scrutiny of the practitioners only decreases the confidence in the public accounting industry which also is not in the best public interest. While the Committees are not in agreement with this proposed change, it is the opinion of the Committees that this would have a minimal impact on agreed-upon-procedures reports as the Committees envision most, if not all practitioners continuing to restrict the use of the reports even in cases where it is not required to do so.	
	CR	<p>We agree with the concept that the practitioner would no longer be required to restrict the use of all agreed-upon procedures reports to the specified parties that assume responsibility for the sufficiency of the procedures. We noted the ED has a requirement to restrict the use of the report if any of the following exist:</p> <ol style="list-style-type: none"> 1. The practitioner is precluded from designing or performing additional procedures, 2. The criteria are not available to users, or 3. The criteria are appropriate only for a limited number of users. <p>We agree that #2 and #3 are valid criteria for requiring a restriction on use. However, we are not certain #1 should require a restriction. We believe this situation may often be difficult to operationalize in practice, since often, agreed-upon procedures engagements involve some input from the practitioner and #1 would put the practitioner in a difficult position to evaluate whether the practitioner was indeed “precluded from designing or performing additional procedures.”</p>	The requirement has been revised to require the accountant to consider restricting the use of the report and not requiring restricted use in any scenario. (see paragraph .36)
	KPMG	We continue to believe that agreed-upon procedures reports should be restricted-use unless certain facts and circumstances exist.	
	GT	<p>We also note that proposed paragraph .33 of AT-C Section 215 sets forth the following requirement related to restricting the use of the practitioner’s report:</p> <p style="padding-left: 40px;">In the following circumstances, the practitioner’s agreed-upon procedures report should include an alert, in a separate paragraph, that restricts the use of the report:</p>	The requirement has been revised to require the accountant to consider restricting

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		<p>a. The engaging party or other party prescribes the procedures for the practitioner to perform and precludes the practitioner from performing or designing additional procedures.</p> <p>b. The practitioner determines that the criteria used to evaluate the subject matter are appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.</p> <p>c. The criteria used to evaluate the subject matter are available only to the specified party.</p> <p>Part of our concern with the proposed requirement stems from our misgivings about the role criteria plays in the context of an AUP engagement. In our view, the fact that the practitioner is no longer required to request a written assertion eliminates any need to consider criteria for purposes of restricting the report. Instead, we believe proposed paragraph? .33b could be revised to state that “the objective of the engagement or procedures to achieve that objective are appropriate only for a limited number of parties.” We believe proposed paragraph .33c could be eliminated entirely.</p>	<p>the use of the report and not requiring restricted use in any scenario. (see paragraph .36)</p>
Additional reporting illustrations			
.A69	VA	The National Collegiate Athletic Association (NCAA) is a significant user of agreed-upon procedures (AUP) engagements. We recommend including an example of an NCAA AUP engagement report in the exhibits presented within paragraph .A69.	
	GAO	With respect to agreed-upon procedures engagements, we suggest that an illustrative example be added showing a report with restricted-use, and we suggest the addition of language consistent with the last paragraph of proposed AT-C 205 A94.	
Written representations			
.25 and .A36-.A38	BAS	Introduction of the term ‘appropriate party’ makes it considerably more difficult to understand the requirements regarding obtaining written representations; accordingly, additional application guidance is necessary. Additionally, it is unclear what the practitioner achieves from obtaining a representation from the engaging party that another party is responsible for the subject matter.	<p>Revised requirements to be clear as to responsibility to request written reps from EP and from RP (see paragraphs ..28 - .29).</p>

Comments Relevant to AT-C 215, Agreed-Upon Procedures Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
			The importance of the representation regarding the subject matter is to be clear that the practitioner is not accepting such responsibility (and therefore would not be independent).
	CLA	Although overall we feel the proposed revisions provide greater flexibility, we believe limitations still exist for practitioners who perform multiemployer plan payroll compliance services (payroll audits) as agreed-upon procedures engagements. These limitations are a result of the changes which became effective under SSAE No. 18 in May 2017. Particularly burdensome is the requirement to obtain written representations as of the date of the practitioner’s report from the engaging party when the engaging party is not the responsible party. We are supportive of having this requirement modified to allow for the practitioners to obtain if they believe it is necessary in the circumstances based on their professional judgment.	Revised the requirement when the EP is not the RP to a “should consider requesting” – which is consistent with the pre-clarity standards. (see paragraph .29).
	TIC	TIC believes that, when a practitioner performs payroll compliance services on more than one employer under AT-C section 215 for a multiemployer employee benefit plan, the standard should permit a practitioner to obtain one representation letter from the engaging party (Plan Trustee) that covers all payroll agreed-upon procedures performed during a specified period. In addition, TIC agrees with the EBP Audit Quality Center’s suggestion that the final standard should incorporate the language of AICPA TQA 6935.05, <i>Multiemployer Plans</i> , with their suggested revisions, to provide guidance to practitioners performing payroll compliance as agreed-upon procedures engagements when a representation letter is not received from the responsible party. This would formalize the guidance in the TQA and elevate it to the appropriate level of authority so as not to be overlooked by practitioners who are not aware of the TQA.	Revised the requirement when the EP is not the RP to a “should consider requesting” – which is consistent with the pre-clarity standards. (see paragraph .29).
	KPMG	Regarding the proposed revisions to written representations: • The application material would not require responsible party representations if the engagement is required by law or regulation or the responsible party doesn’t agree with having an attest	

Comments Relevant to AT-C 215, Agreed-Upon Procedures Engagements

Paragraph No./ Topic	Commenter	Comment	Response to Comment
		<p>engagement performed. As written, this could result in instances where no written representations are obtained, which we think is inappropriate.</p> <ul style="list-style-type: none"> • The requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria is reasonable, however, there is no application material addressing when it would be appropriate to eliminate this required representation when the practitioner is engaged to assist with the measurement of the subject matter. Moreover, we recommend that the Board consider including such information in the report to provide transparency to the users. 	
.A37	GT	We recommend deleting this application guidance because we do not find it useful or relevant within the context of an AUP engagement.	Done.
Knowledge of matters outside procedures			
.36 and .A65-.A66	BAS	The exposure draft requires the practitioner to “take appropriate action, including determining whether the practitioner’s report should be revised to disclose the matter”; whereas the extant standards require the practitioner to include the matter in the practitioner’s report. No application guidance is provided regarding what appropriate action might entail; rather, the only guidance relates to inclusion of the matter in the practitioner’s report. What does the ASB intend the practitioner to do? Should the practitioner perform procedures regarding the matter to assess the effect on the engagement and, if so, shouldn’t that be clearly stated?	Open