



Agenda Item 1B

Summary of Comment Letters on Exposure Draft of the Proposed SSAE, *Selected Procedures*

Comment Letter No.	Commenter
1	John Stolte, CPA
2	Commonwealth of Virginia Auditor of Public Accounts
3	Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee
4	AICPA PCPS Technical Issues Committee
5	New Jersey Society of CPAs' Accounting and Auditing Interest Group
6	Michigan Office of Auditor General
7	National Association of State Boards of Accountancy
8	National State Auditors Association
9	Don M. Pallais, CPA
10	RSM US LLP
11	State of Michigan Office of Commission Audits
12	Hunter College Graduate Program – Advanced Auditing class
13	Piercy Bowler Taylor & Kern
14	James G. Quaid, CPA
15	KPMG LLP

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Comment Letter No.	Commenter
16	Ernst & Young LLP
17	Moss Adams LLP
18	PricewaterhouseCoopers LLP
19	Grant Thornton LLP
20	Crowe Horwath LLP
21	U.S. Government Accountability Office
22	Professional Standards Committee of the Texas Society of CPAs
23	BDO USA, LLP
24	Audit and Assurance Services Committee of the Illinois CPA Society
25	Deloitte & Touche LLP
26	Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs
27	Beth A. Schneider, CPA

All comment letters are available at <https://www.aicpa.org/content/aicpa/research/exposedrafts/accountingandauditing/loc-on-ed-of-proposed-sas-for-attestation-engagements-selected-procedures.html>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Summary of Comment Letters on Exposure Draft of the Proposed SSAE, *Selected Procedures*

General Comments

Commenter	Specific Response
1 – John Stolte, CPA	This is a great idea and long overdue in my opinion. I am glad that we are getting away from being so rigid and more responsive to the marketplace. I hope that this passes and I'm strongly in favor.
2 - Commonwealth of Virginia Auditor of Public Accounts	Overall, we agree with the Committee's efforts to expand a practitioner's ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> .
4 - AICPA PCPS Technical Issues Committee	<p>TIC appreciates the joint effort the Accounting and Review Services Committee (ARSC) and the Auditing Standards Board (ASB) put forth to develop this proposed SSSAE. This ED introduces a new type of service that will allow more 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 which is quite common with smaller firm clients 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 always the ideal solution.</p> <p>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 Statements on Standards for Attestation Engagements (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>
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	Overall, the Group agrees with the AICPA's exposure draft creating a new attestation service that would permit enhanced communications among customers, employees, suppliers and stakeholders. However, some group members believe that the examples cited in the exposure draft could be performed under the Statements on Standards for Consulting Services. The Group expressed concerns about practitioners' exposure to liability due to the flexibility in application of the expanded service and none of the parties required to assume responsibility. Practitioners look to the accounting standards for guidance.
8 - National State Auditors Association	We generally agree with the Committee's efforts to expand a practitioner's ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> .
9 – Don M. Pallais, CPA	I believe the profession's provision of attestation and other assurance services generally benefits both clients and users and should be encouraged. It is with that perspective that I provide these comments.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Although the prefatory materials imply otherwise, the proposed service can be done now, in the absence of this proposed standard. Nothing in professional standards prohibits the proposed service or limits the distribution of the resulting report as long as the report is clearly distinguishable from an attestation report. The issuance of an attestation standard, then, should be intended to protect the public; providing the AICPA’s imprimatur represents a promise to users that the service achieves a useful goal.</p> <p>I believe that, to fulfill this promise, the proposed standard needs to provide additional safeguards to protect external report users. In all other engagements performed under the SASs and SSAEs the practitioner applies either those procedures he or she considers necessary to achieve the objective of the service or those procedures specified as necessary by the users themselves. In this case, however, there is no discipline over who chooses the procedures or even whether there is an objective to be achieved. There is nothing, for example, to prevent an engaging party from selecting only those procedures it expects to support the subject matter, avoiding those that might not or choosing procedures that appear to be impressive but achieve no useful goal.</p> <p>Rather than protecting external users of the report, the proposed service lays the burden on them to understand the service and analyze whether it meets their needs despite the fact that the users don’t know how the procedures were selected or even, in some cases, who selected them and are not presumed to understand contextual matters such as the risks of misstatement or the source or characteristics of the information reported on. What safeguards are built into the ED are not sufficient for an AICPA-branded service. At a minimum the standard should establish additional requirements for determining the scope of the procedures or providing sufficient context in the report.</p> <p>Characterizing such a service as an attestation service without additional safeguards is potentially misleading to users and, therefore, not in the public interest or in the best interest of the profession. If ARSC’s goal is merely to clarify that professional standards permit applying and reporting individual procedures for general use if the practitioner judges it appropriate in the circumstances, that goal can be accomplished through communications other than a new standard.</p> <p>If it is issued, the proposed standard should address a number of other issues and inconsistencies (for example, without a meaningful definition of “specified procedures” it appears the standard would apply to any service in which the practitioner issues a report detailing the procedures applied and their results, which would sweep in a significant number of consulting engagements) but until the fundamental issue is addressed, there is no point in detailing them here.</p>
10 - RSM US LLP	We understand the proposed standard was drafted to address situations in which the specified parties may not have the ability or

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>willingness to fully develop or determine the procedures for their purposes. We agree 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, <i>Agreed-Upon Procedures Engagements</i>, which, among other requirements, dictates that the specified parties determine the procedures they believe to be appropriate to be applied by the practitioner. We also believe the proposed standard has identified several other matters that are currently challenges when performing agreed-upon procedures engagements under AT-C section 215.</p> <p>Overall, we prefer to see the existing guidance in AT-C section 215 revised to address the concepts in the proposed standard, rather than adding a new standard. We believe adding a new standard providing guidance regarding a separate type of engagement would cause undue confusion for practitioners and users about (a) which type of service to select and (b) the differences in the reports to be issued under each standard.</p> <p>We believe one comprehensive standard could address all attestation engagements that involve the performance of procedures and reporting of related findings, but it would be important for the standard to bifurcate the requirements related to the sufficiency of the procedures and those related to the design of the procedures. We believe a selected procedures engagement should be limited to its stated objectives—to apply procedures to the subject matter and to issue a written report that describes the procedures applied and the practitioner’s findings. The requirement for the specified parties to take responsibility for the sufficiency of the procedures for their purposes only would apply in an agreed-upon procedures engagement. In making this distinction, the ability of the specified parties to determine the sufficiency of procedures could be directly linked to the anticipated users of the report. For a general use report, as proposed, it would be challenging for management to determine that the procedures would be sufficient for all users, thus a specified procedures report that does not determine sufficiency would be appropriate. In a limited use report, management is better able to determine that the procedures are sufficient for the users to whom the report is provided.</p> <p>In addition, as discussed in more detail below, we believe there are other operational issues with the proposed standard that should be addressed. We have offered comments in response to the specific requests for comment detailed in the proposed standard. In addition, we have provided specific comments on certain matters related to the content of the proposed standard, which we believe should be addressed through revisions to AT-C section 215 and AT-C section 105, <i>Concepts Common to All Attestation Engagements</i>.</p>
11 – State of Michigan Office of Commission Audits	Overall, we agree with the AICPA Accounting and Review Services Committee that standards for performing procedures beyond those currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> should be established.
12 - Hunter College Graduate Program – Advanced Auditing class	We thank you for the opportunity to comment on this draft and we believe that this proposed standard could be widely used by practitioners saving time, money and simplifying procedures when needed. It looks like this proposed standard is the missing piece

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	that complements the attestation services pyramid. Since these selected procedures generate a report with no assurance, they will be the adequate choice for all types of engagements that do not require any level of assurance.
13 - Piercy Bowler Taylor & Kern	<p>For reasons set forth in some detail in our responses to Specific Requests for Comment presented in the attachment on the following pages (principally to Specific Request for Comment 1) and summarized in our response to Specific Request for Comment 4B, we believe the proposed new service is unnecessary and of little value to any users (particularly in cases when, as suggested in the Proposal, no one takes responsibility for selecting the procedures). We believe the 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. Accordingly, we are opposed to the issuance of the proposed standard and believe the Proposal should be withdrawn and the project abandoned.</p> <p>Although we have included our responses to Specific Requests for Comment in the attachment on the following pages, because we are generally opposed to issuing the Proposal, we have provided little or no commentary with regard to details of its content.</p>
14 - James G. Quaid, CPA	<p>I read a summary of the provisions of the Proposed Statement on Standards for Attestation Engagements - Selected Procedures and am very glad to see that there is some consideration to make performing AUP engagements more flexible.</p> <p>In our practice, we perform various AUP engagements for NFP organizations who are required to submit an AUP report regarding compliance with various covenants under tax-exempt bond agreements. The AUP reports are then sent by our NFP clients to trustees of the bonds, typically a large national bank. In recent conversations with various trustees (banks), they do not feel comfortable signing off on an engagement letter or supplement to an engagement letter as they are not “engaging” us as the CPA firm and they do not dictate the sufficiency of the procedures to be performed – they believe that is the responsibility of the NFP organization in concert with the organization’s auditors.</p>
15 - KPMG LLP	<p>We believe that the Proposed Standard is essentially an amendment to the specific requirements of AT-C section 105, <i>Common Concepts</i> and AT-C section 215, <i>Agreed-Upon Procedures</i> (AT-C section 215) rather than a standard for a new attestation service. While we agree conceptually with certain of the proposed requirements, we do not support the possibility of no party taking responsibility for the sufficiency of the procedures and certain of the proposed reporting requirements.</p> <p>Creating another AT-C section would force practitioners to determine which standard is appropriate for specific, oftentimes similar circumstances. Because of fewer requirements for both the practitioner and the engaging party, we believe there is a real risk that the Proposed Standard will render AT-C section 215 obsolete. We believe that there will be circumstances or subject matter for which an</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>AT-C section 215-like engagement would be more appropriate because a general user may not have an appropriate understanding of the subject matter, criteria or procedures and findings. Therefore, we believe the Proposed Standard should amend AT-C section 215 to modernize that standard for today’s and future needs of users and practitioners. For the Committee’s consideration, Appendix C is a conceptual decision tree illustrating how our suggestions may be incorporated in AT-C section 215.</p> <p><i>Specified parties should be responsible for, not just aware of, the procedures</i> The practitioner, a party to an agreed-upon or selected procedures engagement, is responsible for exercising professional judgment and due care; however, the practitioner performs the engagement on behalf of and for the intended purpose specified by the engaging and/or responsible parties (specified parties). We believe that, in both agreed-upon and selected procedures engagements, the practitioner should be required to have a sufficient understanding of the engaging party’s purpose to plan and perform the engagement. In practice, except when procedures are standardized (e.g. AICPA Statements of Position 02-1 and 17-1) or otherwise required (e.g. in a written contract or agreement), the parties to AT-C section 215 engagements often collaborate on the development of the procedures, which the Proposed Standard contemplates.</p> <p>The Proposed Standard may lead users to believe that the practitioner can simply develop and perform procedures for any stated purpose when, in practice, the Attestation Standards guide the types of engagement procedures the practitioner may perform and establishes standards for the identification of the subject matter and suitable criteria, and the specificity of the wording to be used in the reporting. In a general-use report, it is in the public’s best interest for those with any level of responsibility for the procedures (e.g. the practitioner or the engaging/responsible party(ies)) to indicate as such. The practitioner, exercising due care, should not accept an engagement or perform procedures irrelevant to the subject matter or intended purpose of the specified party(ies).</p> <p>We believe the specified parties should either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. We object to the more limited concept of “awareness” as it is too ambiguous to be consistently understood and effectively measured and may result in users improperly relying on the report to their detriment. We do not believe a statement in the report that the procedures may not address all the items of interest to a user and may not meet the needs of all the user resolves this issue.</p> <p><i>Presumed Restricted-Use Report With Permitted General-Use</i> In clarifying AT-C section 215, the AICPA’s Auditing Standards Board (ASB) determined that including the engagement purpose in the accountant’s report was often unnecessary because use was limited to specified users taking responsibility for the sufficiency of</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>the procedures for their purposes, whatever those purposes may be. With regard to the Proposed Standard, we believe that including the stated engagement purpose without the engaging party also taking responsibility for the sufficiency of or agreeing to the procedures performed for the intended purpose is less beneficial to users.</p> <p>We believe that the Proposed Standard should have a presumption that the report is restricted-use unless the practitioner concludes that the subject matter and criteria, and selected procedures are appropriate for general-use. Without the specified parties taking responsibility for the sufficiency of the procedures for the intended purpose or agreeing to the procedures for the intended purpose, we believe it is insufficient to include general statements informing the user not to rely on the report unless there is an appropriate understanding of the subject matter, criteria, and procedures and findings. Specific language such as that illustrated in paragraph 46 of Statement of Position 17-1 may be more effective.</p> <p>We illustrate how our views may be applied in Appendix B.</p> <p><i>Generally Accepted Governmental Auditing Standards (GAGAS)</i> GAGAS incorporates by reference the Attestation Standards, specifically referencing the three types of attestation engagements, including agreed-upon procedures. It is unclear whether the Proposed Standard would be permitted under GAGAS without amending those standards. Therefore, the references in paragraphs 4 and 56 may not be appropriate and further supports our suggestion to incorporate the Proposed Standard into AT-C section 215.</p>
16 – Ernst & Young LLP	<p>We support the AICPA’s proposal of a new type of attestation service that would provide more opportunities for companies to enhance the value of reports they provide to customers, employees, suppliers and other stakeholders. We believe there is significant market demand for this type of service.</p> <p>Today, when all of the conditions of an agreed-upon procedures (AUP) engagement are not able to be met, companies often engage a provider who is not a certified public accountant (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, we believe any final standard issued by the AICPA should include additional requirements and application guidance to protect report users.</p>
17 - Moss Adams LLP	<p>We support the efforts of the American Institute of Certified Public Accountants to expand a practitioner’s ability to perform</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>procedures and report on such procedures in a format beyond what is currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i>. While we support the added flexibility for a practitioner to assist in the development of procedures and that no party would be required to take responsibility for the sufficiency of the procedures for their intended purposes, we have reservations about certain aspects of the proposed standard. In particular, we are concerned that providing a general-use report as a result of a selected procedures engagement could result in report users placing undue reliance upon the report, misunderstanding whether the report is suitable for their own purposes. Certain reporting requirements are strengthened by what we believe is the critical phrase included in the illustrative report language that says “We were engaged by [the engaging party] ...”, and we believe the reporting requirements should be more explicit to require a statement that the practitioner was engaged by the engaging party to perform the specified procedures. We also believe the report should be required to include a statement that no party takes responsibility for the subject matter, when applicable.</p>
18 - PricewaterhouseCoopers LLP	<p>We are supportive of the ARSC and the ASB taking steps to set out an appropriate framework within the ASB’s attestation standards for practitioners to provide services that are relevant and appropriate in the public interest.</p> <p>In our view, the genesis of the current initiative to develop a standard addressing selected procedures relates to concerns over the potential limitations of, and practical challenges with, AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> (“AUP engagements”). 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., regulators, funding agencies, ratings agencies). In addition, specified parties in an AUP engagement often request that the practitioner assist in developing the procedures and can benefit from the practitioner’s expertise in deciding how best to achieve the intended purpose for which the practitioner is engaged. Finally, the pre-clarity attestation standards did not require a written assertion; the assertion was generally considered as implicit in describing the character of the engagement or in the detailed procedures. Accordingly, the change to AT-C section 215 to require the practitioner to request an assertion has been highlighted as a difficulty in practice in certain circumstances.</p> <p>We are therefore supportive of exploring how the attestation standards could evolve to overcome these challenges and enable practitioners to provide services when there is market demand for them. We believe there could be benefit in enabling companies to engage practitioners to more widely report on procedures and findings with respect to particular subject matters, for example in relation to the company’s adherence to specific regulatory requirements, other compliance reporting, or in response to current market concerns.</p> <p>However, we believe as currently drafted the new standard will cause confusion in the marketplace to users of AUP and selected</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>procedures reports, as well as for practitioners in determining which service may be most appropriate in the circumstances. If not clearly differentiated and understood, the new service could call into question the use of AUP engagements and the underlying attestation standard, which itself only recently became effective after a public consultation process and the ASB deliberation to establish the key principles underpinning those engagements. We believe the ARSC and the ASB should more fully consider whether making amendments to AT-C section 215 could achieve their intended objectives versus setting out a new service as a means of further evolving the attestation standards.</p> <p>We believing making changes to AT-C section 215 would also allow the ARSC and the ASB to develop an appropriate framework for practitioners to evaluate whether it may be appropriate to make the practitioner’s report more accessible to users, as well as how to deal with the practical challenges when parties to the engagement are unwilling or unable to provide an assertion. Setting out this framework within a single standard focused on reporting procedures and findings vs. introducing a new service will help practitioners to appropriately consider the facts and circumstances in accepting and performing the engagement, including the subject matter and the intended purpose of the engagement.</p> <p>We believe the following principles should guide the ARSC and the ASB as they consider how to move forward:</p> <ul style="list-style-type: none"> • 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 and other attestation services are expected to be conducted. • Any new or revised standard(s) should not place practitioners in the position of taking responsibilities that would otherwise be appropriate for management, in particular given the need for independence in attestation engagements. • If a new service is developed, a selected procedures report should be clearly differentiated from an AUP report if these engagements are conducted under different standards. However, we believe this could be difficult to achieve, as most users will focus on the procedures and findings, which will likely be identical from an AUP report to a selected procedures report. • Any new standard should not be used as a substitute for existing subject-matter specific standards or guidance related to AUPs, for example SOP 17-1,^{fn1} or other attestation engagements.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>We are also of the view it would be premature to move forward with the proposed standard in light of (1) the ongoing discussions on the ASB’s separate but related project on “direct engagements” and (2) the IAASB’s plans to revise ISRS 4400, <i>Engagements to Perform Agreed-upon Procedures Regarding Financial Information</i>. In relation to direct engagements, preliminary decisions at the ASB’s July and October 2017 meetings indicate there may be a preference to revise AT-C sections 205 and 210 rather than create new attestation standards addressing these circumstances. It would seem inconsistent to create a new service for selected procedures if similar concerns with examination and review engagements would be addressed by opening up existing standards. Further, given the AICPA’s policy to align the requirements of the U.S. standards with the international standard (unless a requirement is not appropriate for the U.S. environment), it seems prudent to consider if revisions to ISRS 4400 being considered would accomplish the objectives of this initiative.</p> <p><i>Fn1 Statement of Position 17-1, 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></p>
19 - Grant Thornton LLP	<p>Overall, we are supportive of the concept of this type of engagement because it could resolve issues that do arise in practice. We agree that there are occurrences, though seldom, where performing procedures and reporting findings is sufficient to meet the objectives of the engagement, but the nature of the entities involved precludes the ability to obtain acknowledgment of the sufficiency of those procedures from each of the parties, thus making an agreed-upon procedures (AUP) engagement impractical. This potentially denies the intended users of the benefit of having an independent practitioner involved. The proposed selected procedures engagements would allow a practitioner to provide an independent service under the attestation standards in the above circumstances, when appropriate. Nevertheless, while supportive of the general approach, we have several concerns, detailed below, with the proposed standard.</p> <p>Impact on other AICPA publications We encourage the Committee to consider the impact that the adoption of this proposal may have on other AICPA publications. We believe it is important to identify current references in other standards, accounting and audit guides, and other audit literature where revising the nature of an AUP engagement may result in the need to evaluate whether selected procedures is an acceptable option.</p> <p>Re-exposure We have not provided specific paragraph-level suggested edits given our recommendation to combine the proposed guidance and align the language with that in AT-C 215. If the Committee agrees with incorporating the requirements of selected procedures engagements into extant AT-C 215, we strongly encourage re-exposure of the marked extant standard, as well as AT-C 105.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	Ultimately, it would be beneficial to the profession to allow stakeholders to review and comment on how AUP engagements and selected procedures engagements “come together” in one standard.
20 - Crowe Horwath LLP	<p>We support the Committee’s effort to provide more flexibility for practitioners to perform services that are similar to agreed-upon procedures but which can be applied in more situations. We believe the Proposed Standard addresses a need in the marketplace and will allow companies another avenue by which to provide information deemed meaningful to their stakeholders. We are pleased to provide our observations regarding the Proposed Standard.</p> <p>While we support the creation of this new attestation engagement standard, we recommend that no major changes be made to the attestation standard for agreed-upon procedures (AUP) engagements. As we understand it, this Proposed Standard is not a reflection of flaws within the existing AUP engagement standard. The extant AUP standard is widely used and well understood; thus, we believe it should be retained in its current state.</p> <p>The proposed effective date appears to be appropriate.</p>
21 - U.S. Government Accountability Office	We believe that the proposed changes to attestation standards to allow the performance of selected procedures engagements may not be in the public’s and the profession’s interest. We have concerns regarding the potential issuance of a report wherein no party takes responsibility for the sufficiency of the procedures and where a user would not have a reasonable basis to determine the sufficiency of the procedures performed. We have provided responses to the AICPA’s specific questions regarding selected procedures in the attached enclosure.
23 - BDO USA, LLP	We welcome the additional flexibility introduced in the proposed SSAE to expand a practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> (AT-C section 215) and believe it will provide the necessary clarity with respect to the work performed in these types of engagements. However, we do not agree on three aspects of the proposed SSAE and believe that (1) the engaging party or other party should take responsibility for the suitability of the procedures; (2) the responsible party should take responsibility for the assertions related to the engagement; and (3) the restriction on use should be retained.
25 - Deloitte & Touche LLP	<p>We support the issuance of this proposed SSAE and believe that there are opportunities in practice, and in the public interest, to expand a practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> (AT-C 215).</p> <p>However, we have the following overriding observations pertaining to:</p> <ul style="list-style-type: none"> • Taking responsibility for the sufficiency of the selected procedures.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> • Independence. • Concepts common to all attestation engagements. • The IAASB’s Agreed-Upon Procedures Project. <p>Taking responsibility for the sufficiency of the selected procedures D&T agrees that for a selected procedures engagement, the procedures can be developed by the practitioner, the engaging party, another party, or a combination of these parties; however, we believe that as a precondition to accepting the engagement, the engaging party should be required to take responsibility for the sufficiency of the selected procedures and for determining that the selected procedures meet the intended purpose of the engagement (as determined by the engaging party).</p> <p>If the engaging party does not take responsibility for the sufficiency of the procedures, we believe that this could lead to an expectation gap whereby there would be an increased risk that users of the report would infer the practitioner’s responsibility for the sufficiency of the selected procedures. Further, if no party takes responsibility for the sufficiency of the procedures as stated in paragraph 1 of the proposed SSAE, users of the report may claim that they have determined that the procedures are not appropriate despite cautionary language in the practitioner’s report indicating that the procedures may not meet all the needs of the users. This is because there is a presumption based on current practice that a party is taking such responsibility. The comments relating to Independence below highlight other considerations regarding why we believe it is necessary for the engaging party to take responsibility for the sufficiency of the selected procedures.</p> <p>Accordingly, we recommend that the requirements be revised to reflect that the engaging party takes responsibility for the sufficiency of the selected procedures and for determining that the selected procedures meet the intended purpose of the engagement. This would result in modifications to:</p> <ul style="list-style-type: none"> • the preconditions, • the terms of the engagement, • the written representations, and • the reporting elements. <p>We have provided suggested edits in our response to Comment 3B, included in Appendix A, and in our comments on paragraphs 26, 30 and 53, included in Appendix B.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Concepts common to all attestation engagements D&T believes that it would be in the best interest of the public to consider both the proposed SSAE and the <i>Direct Engagements</i> proposal, currently being considered by the ASB, at the same time due to interrelated matters (for example, the potential to eliminate the requirement to request a written assertion). As noted in the Explanatory Memorandum (EM) to the proposed SSAE, the paragraphs relating to AT-C 105 were amended to address the unique circumstances of a selected procedures engagement and were incorporated into the proposed SSAE for purposes of presentation. However, assuming the proposed SSAE is released as a final standard, it is noted in the EM that those paragraphs relating to AT-C 105 would not be included in the final standard, but instead conforming amendments would be made to the AT-C 105. Separately, there may be further amendments to AT-C 105 resulting from the ongoing <i>Direct Engagements</i> project that may also affect the proposed SSAE. The multiple amendments to AT-C 105, and any resulting unintended consequences caused by not simultaneously considering the proposed SSAE and the <i>Direct Engagements</i> proposal will likely cause confusion to the stakeholders.</p> <p>D&T recommends that the finalization of the proposed SSAE be delayed such that issues relating to both the impending <i>Direct Engagements</i> proposal and the proposed SSAE be addressed together. This will allow for the issues raised in the comment process for both proposals that collectively impact the SSAEs, to be addressed in a consistent and thoughtful manner by the Committees.</p> <p>The IAASB’s Agreed-Upon Procedures Project The ASB has a strategic objective to converge its auditing, attestation, and quality control standards with those of the International Auditing and Assurance Standards Board (IAASB) and the IAASB currently has an ongoing project relating to International Standards on Related Services 4400, <i>Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</i>. While we acknowledge the scope of the <i>Agreed-Upon Procedures</i> project is primarily a clarity redraft, we recommend that the Committees consider the outcome of the IAASB’s deliberations as it relates to the <i>Agreed-Upon Procedures</i> project, and the resulting implications, if any, on the proposed SSAE.</p>
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	The committee generally supports the Accounting and Review Services Committee’s efforts to provide CPAs with guidance to perform selected procedures that neither require management to provide an assertion nor to assume responsibility for the sufficiency of the procedures. The committee understands there are numerous engagements in which the procedures cannot be fully delineated at the outset of the engagement, but rather require CPAs to use their unique skill set to develop procedures during the course of the engagement to meet the client’s objective. Current attest standards for such engagements can be cumbersome, as often the CPA is required to educate the client about management’s responsibility for the sufficiency of the procedures and update the engagement letter as each additional procedure is added.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Some on the committee believe that creating a robust framework for a selected procedures engagement within the attestation standards may provide greater practice consistency and higher quality, elevating the perceived value of the engagement over engagements performed under the consulting standards.</p> <p>Others on the committee wonder why practitioners could not simply follow the AICPA’s current consulting standards to perform such selected procedures engagements. Those standards indicate “consulting services differ fundamentally from the CPA’s function of attesting to the assertions of other parties. In an attest service, the practitioner expresses a conclusion about the reliability of a written assertion that is the responsibility of another party, the asserter.” The committee also finds it is unclear how this new proposed “selected procedures” engagement would be an attest engagement since the engaging party would not be providing a written assertion. Additionally, engagements performed under the consulting standards are not restricted to specific users, and therefore meet the needs of clients that are looking for a general use report.</p> <p>While the new standard requires a representation letter, that letter doesn’t appear to be the equivalent of an assertion. If there is no assertion and no representation letter that includes an assertion (or the equivalent), it is unclear why practitioners could not perform the proposed service under the existing consulting standards.</p> <p>Impact of Other Client Attest Work on Selected Procedures Engagement – The committee believes that the selected procedures guidance should include additional considerations regarding the impact of the results of other client attest work on the selected procedures engagement for the same client. For example, whether there were material weaknesses in internal control over financial reporting elements that relate to the subject matter of the selected procedures engagement. The committee notes that para. A105 allows the practitioner to reference an audit or review report that has a departure from the standard report, but does not provide any guidance as to when this reference would not be made.</p> <p>Peer Review – Many practitioners who currently perform work under the consulting standards are not enrolled in, and are not required to be enrolled in, the peer review program. If selected procedures work is required to follow the attest standards rather than the consulting standards, these practitioners would be required to enroll in the peer review program and undergo a peer review. This would limit a practitioner’s ability to perform selected procedures engagements that they were previously performing under the consulting standards.</p>
27 – Beth A. Schneider, CPA	I am very much in favor of the development of new attestation services to respond to market needs, and prior to retiring from public

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>practice in 2017, I spent 25 years working on the development of attestation services to meet various needs, including with the AICPA and numerous regulators. I was also a member of the initial AICPA task force exploring the creation of a selected procedures engagement. Consistent with the issues identified by that initial task force and, as elaborated below in some of my responses to the specific questions raised in the forepart of the proposed statement on standards for attestation engagements, <i>Selected Procedures</i>, dated September 1, 2017 (the “exposure draft” or “proposed standard”), I have significant concerns over the market-driven approach to selected procedures engagements described in the exposure draft.</p> <p>Practitioners often underestimate their legal exposure for agreed-upon procedures (AUP) engagements, which in many cases are typically performed for very nominal fees. Similarly, the performance of a selected procedures engagement could expose the practitioner to considerable legal exposure, particularly when an AUP engagement would be more appropriate. The caveats to performing AUP engagements, particularly the requirement for the specified parties to accept responsibility for the sufficiency of the procedures for their purposes in order to be a specified party and the restriction on report use to such specified parties, serve to reduce the practitioner’s legal exposure. I believe that the exposure draft with its market-driven approach lacks appropriate caveats to when the proposed service may be provided. For a general use report to be in the public interest, I believe that some party would need to take responsibility for the sufficiency of the procedures, and if not the engaging party, then the practitioner will need to take such responsibility.</p> <p>Another concern is whether this service, as currently proposed, would inadvertently cause the demise of AUP engagements and whether the Auditing Standards Board has sufficiently assessed the potential consequences and has come up with an appropriate plan to revise existing standards.</p> <p>I have provided responses below to the issues raised in the exposure draft, as well as some comments on specific paragraphs and the illustrative selected procedures reports, and have identified in the accompanying appendix some editorial matters.</p>

Summary of Responses to Specific Requests for Comment

Issue 1—Nature of the Proposed Service and Development of the Procedures to Be Performed

Specific Request for Comment 1A

Is 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 needed and in the public interest? If so, provide specific examples of when, in practice, a practitioner may perform an engagement in accordance with the proposed standard.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We believe the expansion of the practitioner’s ability to perform and report on procedures in a format beyond that prescribed in AT-C section 215 is needed and within the public interest. While we believe it will be beneficial to have a selected procedures engagement as an option, we believe the circumstances in which our office would use it are limited.
3 - Florida Institute of CPAs’ Accounting Principles and Auditing Standards Committee	<p>The Committee believes that this type of engagement is needed and is in the public interest, i.e. that this is what the marketplace currently requires. We believe that this type of engagement will allow for heightened practitioner judgment, while still allowing (but not requiring) restrictions on the use of the report.</p> <p>The Committee has noted specific instances where this engagement would be very useful. For example, governments have passed laws and have requested CPAs to develop procedures regarding specific issue compliance. Also, this could apply to internal control (or “comfort”) letters for municipalities in financial distress.</p>
4 - AICPA PCPS Technical Issues Committee	<p>There are many instances where a practitioner works closely with their clients on assertions or assists the client with appropriate procedures to be performed. This is particularly common with smaller less sophisticated entities. Therefore, TIC believes this expansion of services is needed. Many of these engagements are currently being performed under the consulting services but those are not as robust as noted earlier. TIC also believes that regulators might be more willing to accept an engagement performed under the attest standards than one performed as a consulting engagement.</p> <p>TIC believes that this type of service is similar to compliance-type audits that are currently being performed under the governmental audit standards. However, there are times when non-governmental entities would like to have similar procedures performed, and they would prefer for this to be done by a CPA firm that is already familiar with the operating policies and procedures of the entity.</p> <p>An example could be a privately-run hospital where those charged with governance would like to see how they are performing</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	against certain commonly used benchmarks, such as patients served, number of beds being utilized during specific timeframes, etc. Perhaps hospital management has an idea as to what benchmarks they would like reviewed, but are unsure of the exact procedures that should be performed as well as what benchmarks they should be measuring themselves against. That is where the expertise of the practitioner, well versed with hospitals and with other hospital clients, could be invaluable.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes that proposed expansion in a procedures and findings format could be of value and in the public interest. The proposed expansion would increase the flexibility in which a firm could provide attest services. An example where the expansion service would be used is for a break-even analysis for a business segment. The Group did express concern that many of the examples cited in the exposure draft could be accomplished by applying the Statement on Standards for Consulting Services.
6 - Michigan Office of Auditor General	We acknowledge there may be circumstances as suggested in illustrations 2 through 6 when a selected procedures engagement is appropriate to serve the public interest. We consider the requirement of paragraph 53f as vital in making users aware that they are responsible for determining the sufficiency of the procedures as opposed to a <i>Government Auditing Standards</i> audit which requires the auditor to obtain sufficient appropriate evidence to support findings and conclusions. Such notation is necessary to ensure users do not assume or misinterpret what a governmental audit organization is providing.
7 - National Association of State Boards of Accountancy	We acknowledge that there may be situations where it would be beneficial for a practitioner to perform an engagement in accordance with the proposed standard. For example: <ul style="list-style-type: none"> • A state department of transportation may require a railroad to provide a report on compliance with specific contract or grant provisions. Typically this report becomes public information and thus made available to parties other than those specified in the engagement letter. • A company may request a general use report and believes that performing procedures and reporting those findings will meet the needs of the users of the report (e.g., procedures on the results of the tabulation of ballots for an awards show).
8 - National State Auditors Association	We believe the expansion of the practitioner's ability to perform and report on procedures in a format beyond that prescribed in AT-C section 215 is needed and in the public interest. This type of engagement would be valuable in circumstances such as when state laws require answering general and/or 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

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	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 standard would allow more flexibility to provide answers to questions the legislators are asking when the more typical audit and attest engagements are not the best vehicle for doing so.
10 - RSM US LLP	We agree 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 needed and is in the public interest.
11 – State of Michigan Office of Commission Audits	<p>We believe that the proposed selected procedures standard is needed and in the public interest. The standard would provide the necessary flexibility to allow practitioners to more effectively serve clients.</p> <p>Oftentimes, in practice, the engaging party may not have a sufficient understanding of the subject matter that would be necessary to develop procedures to be performed, and may wish to rely on practitioner to not only perform the procedures, but to determine them as well. Also, selected procedures engagements might be influenced by concurrent engagements with a related subject matter. For example, our client (engaging party) is a large organization with numerous vendors and a responsibility to ensure vendors comply with federal acquisition regulations for pricing, costing, and billing. Our client might request that we perform an evaluation of systems and processes in place at a vendor (responsible party), such as an indirect cost rate audit, before applying selected procedures to project costs. We can reach an agreement with the engaging party as to what the purpose or objective of the selected procedures engagement is, what subject matter will be reviewed, and what criteria we will use. However, until we obtain an understanding of what systems and processes exist, including risks for the engagement, uncertainties would exist relative to whether the procedures we initially planned would be sufficient for the engaging party’s purposes and whether a selected procedures engagement would be appropriate in the circumstance (e.g., a low risk vendor). Under a selected procedures engagement, we would have the flexibility to develop specific procedures and to revise those procedures during the course of the engagement as deemed necessary to meet the objective of the engagement.</p>
12 - Hunter College Graduate Program – Advanced Auditing class	We believe that 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 should be carefully reviewed in terms of potential disputes before the proposed Statement on Standards for Attestation Engagements (SSAE) will be effective. The proposed expansion would be necessary for the convenience of the specified parties, as addressed in the background of the Explanatory Memorandum, because it allows the practitioner to perform the engagement when the specified parties may not have the ability to develop the procedures, without having to perform a separate consulting services engagement. Accordingly, the proposed expansion would lower fees associated with the engagement. In terms of economic perspective, it would be in the public interest. The proposed expansion would facilitate entering into engagements by the practitioners; thus, it is also in the interest of the practitioners. It appears to be good for the public and for the

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>practitioners with the proposed expansion. However, the effect of the proposed expansion should be reviewed in terms of disputes caused by the greater flexibility. We believe that the proposed expansion may bring more disputes in the post-engagement stage since no party would be required to take responsibility for the sufficiency of the procedures. Specified parties would point the finger at the practitioners if they are not satisfied with the engagement performed by the practitioners. For example, the proposed expansion may invite more litigations where specified parties would argue that they did not develop the procedures. In sum, although the proposed expansion would facilitate entering into more engagements by the practitioners, at the same time, it may bring more disputes in the post-engagement stage caused by the greater flexibility. Accordingly, the proposed standard should address how to minimize the potential disputes caused by the proposed expansion of the practitioners' ability.</p>
13 - Piercy Bowler Taylor & Kern	<p>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. Furthermore, our extensive practice experience does not support any such assertion.</p> <p>We believe the notion that "there are opportunities in practice" for providing such services, as are described in the Proposal, hardly constitutes adequate justification for a standard that would enable them. Rather, the Proposal appears to be a transparent attempt to justify the standards that is both self-serving and motivated solely by a desire of certain practitioners to avail oneself of opportunities to increase revenues without complying with existing standards, rather than to provide any public service.</p> <p>In fact, there are certain features of the proposed standard that would distinguish an engagement thereunder from an agreed-upon procedures service to which we object, the omission of which we see as unnecessary to achieve any legitimate public service objective. As more fully articulated in our responses below to Specific Requests for Comment 1C and 2B, these features include primarily the absence of any requirements either to include a user restriction or to identify the party responsible for selecting the procedures to be employed.</p> <p>To further emphasize the lack of need for the proposed new standard, we point out that the performance of, and reporting on, selected procedures by CPAs are already permissible with a great deal of flexibility whenever the reporting practitioner takes responsibility for selecting the procedures and intended third party users, if any, need not agree to them under the AICPA's standards for consulting services.^{fn1}</p> <p>Fn 1 We refer the ASRC and the ASB to the article written by Howard B. Levy entitled "Distinguishing Agreed-Upon Procedures from Consulting Engagements and Reports," published July 2017 by the New York State Society of Certified Public Accountants in <i>The CPA Journal</i>, (https://www.cpajournal.com/2017/07/18/distinguishing-agreed-upon-procedures-consulting-engagements-reports/). See also our response to Specific Request for Comment 3A.</p>
15 - KPMG LLP	<p>When a practitioner performs an engagement with due professional care and reports the procedures and findings in a clear and transparent manner, there may be no negative effect to the public interest. When comparing the text of the Proposed Standard to AT-C section 215, we found few substantive differences and have concerns about some of the requirements of the Proposed Standard.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Because we cannot identify circumstances where one service might be preferred over the other, we believe public interest is better served by a thoughtful modernization of AT-C section 215.</p>
16 – Ernst & Young LLP	<p>Overall, we support the creation of a new attestation service that we believe would allow companies to enhance the value of communications provided to customers, employees, suppliers and other stakeholders. We believe that with appropriate safeguards for users, the new service would be in the public’s interest and could expand the value CPAs bring 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 non-CPA service provider to perform the service, or they engage the practitioner 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>In proposing the new service, the AICPA is responding to requests that CPAs have received from companies that want CPAs to enhance their communications to various stakeholders in situations that go beyond what is permitted for an AUP engagement. For example, the use of AUP reports is restricted to specified parties that agree to the procedures and provide acknowledgement of the sufficiency of the procedures for their purposes. The proposal does not contain such a requirement and would allow a report on selected procedures to be used by anyone (i.e., general use) or by a broad number of users (i.e., a class of users such as customers or employees) for potentially different purposes. We believe some examples of when a practitioner might perform a selected procedures engagement include:</p> <ul style="list-style-type: none"> ▶ A company wants a report that it can distribute to a large number of stakeholders, but it is not practical to obtain the stakeholders’ agreement on the procedures or for the stakeholders to communicate that the procedures are sufficient for their purposes (e.g., a servicer organization wants procedures performed over their controls in order for their user entities to have additional information to assess their reliance on controls for the period between the end of an examination report and the end of the calendar year end). ▶ A company wants a practitioner to observe and issue a general use report on findings of procedures about the company’s process of developing information (e.g., observing and reporting on the selection of the winner of a lottery drawing, a union election or a competitive bid). ▶ A company wants a practitioner to perform procedures to assist stakeholders in evaluating the progress the company, or a company’s supplier, has made on a given initiative prior to the company making the evaluation (e.g., a company wants a practitioner to perform procedures to assist users in evaluating whether the company’s environmental impact disclosures are in accordance with the Global

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Reporting Initiative Guidelines, prior to the company making such an evaluation).</p> <ul style="list-style-type: none"> ▶ A company wants a practitioner to perform procedures to help it assess whether information another party is responsible for is in accordance with certain criteria, if the responsible party won't make such an assertion or hasn't selected specific criteria (e.g., procedures to assess whether a supplier is following market-recognized privacy policies). <p>A company wants a practitioner to perform procedures that cannot be developed prior to the engagement agreement being executed (e.g., the procedures depend on developments that occur after the practitioner is engaged).</p>
17 - Moss Adams LLP	<p>There are instances in practice where this expansion would be useful and provide the opportunity to provide services that would not be able to be completed under the current AT-C section 215. For example, one of the parties is a large group, such as shareholders of a corporation, and there is no mechanism in place to identify a representative of the group and not all group members are able to take responsibility for the sufficiency of the procedures for their own purposes. This could be due to practicality, low involvement in the working of the larger shareholder group, lack of knowledge about the criteria, and so on. In such a case, a selected procedures engagement would allow greater flexibility to a practitioner and the engaging party to meet the needs of the engaging party and other specified parties. Similar examples include a homeowners' association (engaging party is the association and the other parties would be current and future members of the association) and a cooperative association (engaging party is the cooperative and the other parties would be current and future members of the cooperative or vendors or suppliers). There are several other instances we have seen in practice where, due to the inability of the parties to formulate procedures, or the unavailability or unwillingness of the other party (often a governmental agency) to be specific about what it wants and formally agree to procedures, although while it still maintains a rigid requirement for the company to provide them with something from their accountants, an agreed-upon procedures engagement is not suitable, or cannot be completed while complying with all of its requirements. A selected procedures engagement, with fewer requirements and restrictions than an agreed-upon procedures engagement, could be useful in those circumstances.</p> <p>However, whether this type of engagement is in the public interest, or in the interest of the profession, is debatable. We are troubled that the decision to perform an agreed-upon procedures engagement versus a selected procedures engagement would be marketplace driven, without restriction or guidance on when one type of engagement would be expected rather than another. We have found that even in challenging situations we can often work with engaging parties and other specified parties to meet the preconditions and terms of an agreed-upon procedures engagement. The parties' agreement to the procedures and the resulting restricted use report that discloses this afford a measure of protection for the parties as well as the practitioner that we believe is in the public interest; the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	decision to depart from that requires prudence.
18 - PricewaterhouseCoopers LLP	<p>The ASB recently revised AT-C section 215 after public consultation and debate. If concerns have now been identified in implementing the revised standard or suggest a need for greater flexibility in an engagement to report on procedures and findings, we believe the ASB should seek to update that standard or provide additional guidance to practitioners to address those concerns rather than prematurely or inadvertently replacing AUPs with a different service.</p> <p>Our recommendation We have considered the similarities and fundamental differences between an AUP engagement and the proposed selected procedures engagement as described in paragraph 2 of the proposed standard, as well as the ARSC and the ASB’s rationale in proposing a new service. In our view, the perceived need for a new service can be effectively addressed by amending AT-C section 215 rather than moving forward with a new separate standard.</p> <p>This recommendation is based on our view that the ARSC and the ASB have not fully considered the potential unintended consequences of setting out this new service. We believe there is a risk, in the absence of a framework for practitioners and clients outlining which service may be appropriate, clients will simply default to requesting a selected procedures engagement to allow for the engagement to result in a general use report and/or to minimize their responsibilities (e.g., regarding agreeing to the sufficiency of the procedures for their purposes, as discussed in section II of this letter) as compared to an AUP engagement.</p> <p>We acknowledge that some practitioners may be of the view there are negative consequences of opening up AT-C section 215, and some changes discussed herein could actually “weaken” AT-C section 215. However, unless law, regulation or a contract requires an AUP engagement, our belief is that the proposed SSAE will result in AUP engagements being performed with less frequency – which we believe does more harm to the AUP service than making revisions to the standard. As the proposed SSAE is currently written, all engagements performed as AUP engagements today could be performed as selected procedures engagements in the future. Therefore, attempting to address the limitations and challenges of an AUP engagement in light of today’s market demands seems to be the preferable starting point, in order to ensure the AUP remains a relevant service.</p> <p>If the ARSC and the ASB decide to move forward with a separate standard, we believe there are a number of areas that should be reconsidered as outlined in this letter, and we recommend the principles on page 1 be applied in making improvements to the proposed SSAE.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
21 - U.S. Government Accountability Office	We believe that the proposed expansion of the practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently described in AT-C section 215 may not always be appropriate. The proposed expansion may create situations where the practitioner issues a report for which no one takes responsibility for the sufficiency of the procedures and a user would not have a reasonable basis to determine the sufficiency of the procedures. We believe that selected procedures engagements should not be used in circumstances when the intended users would not have a reasonable basis to assess the sufficiency of the procedures and use the results in the report as intended.
22 - Professional Standards Committee of the Texas Society of CPAs	The committee does not think that it is in the public’s interest for no one to accept the responsibility for the sufficiency or adequacy of procedures performed during an engagement. Historically, this has been the client’s responsibility. The committee is concerned that with no specified responsible party, unknown users of the engagement report would infer that the auditor is responsible. It is difficult to think of a specific example of an engagement that should be performed under the proposed standard.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	<p>To answer this question, the A&A Committee divided its answer into three components:</p> <ul style="list-style-type: none"> • Yes, the proposed standard expands the practitioner’s ability to perform and report on certain procedures. • Additional fact finding and clarification is needed to determine if the proposed standard, or relevant parts therein, are in the public’s interest. • Assuming the proposed standard, or certain components of the proposed standard, expand the practitioner’s ability to provide his or her services and the proposed standard is in the public interest, we offer an additional specific example. <p><i>Does the proposed standard expand the practitioner’s ability to perform and report on procedures beyond those currently provided by AT-C section 215?</i></p> <p>Yes, as discussed below, the proposed standard expands the practitioner’s ability to perform and report on certain procedures.</p> <p>Currently, when the practitioner is requested by a client to perform procedures outside of a traditional audit, and issue a report, the practitioner is challenged to design an engagement that: 1) satisfies the client’s needs; and 2) does not expose the practitioner, or profession, to undue risk. Under the extant standards, when designing the engagement, the practitioner has two options: 1) an agreed-upon procedures (AUP) report; or 2) a consulting engagement. Generally, when the practitioner needs to perform procedures on another party’s subject matter for the benefit of a third party, an AUP engagement is preferable. A consulting engagement is typically</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>intended for use and direct benefit of the client. Additionally, the standards for performing a consulting engagement as defined in CS Section 100 are less stringent than the agreed-upon procedures standards, there are no specific reporting standards for consulting reports, and these do not require independence. As such, the consulting report does not necessarily add the consistency and quality of service resulting from the clearly defined Attestation Standards.</p> <p>In theory, the proposed standard would provide greater flexibility to practitioners by allowing them to develop procedures that could change as needed, without the requirement to amend the engagement letter, as is the case in an AUP engagement. As such, the proposed standard may reduce the related administrative burden of changing the engagement letter and obtaining the approval of the responsible parties.</p> <p>Many practitioners may welcome the changes because engaging parties (and/or client personnel) frequently lack ability or familiarity with specific requirements of the subject matter or the criteria, or may lack a willingness to fully develop or determine the procedures. Unlike existing AUP engagements, that compel the practitioner to have prior discussions with the specified parties in advance of performing procedures, the proposed changes would allow practitioners to identify requirements and develop the best course of action. This approach could improve efficiency of the engagements and be perceived as a value-added service to prospective clients and users of the selected procedures reports (e.g., the public)</p> <p><i>Is the proposed expansion in the public interest?</i></p> <p>For concerns enumerated below, additional fact finding and clarification from the AICPA is requested before the Committee reaches a conclusion regarding the public interest component of Comment 1A. The Committee’s biggest concern centers on the responsibility of the sufficiency of the procedures. Based on the language and contents of the exposure draft (ED), there are certain risks involved in “selected procedures” engagements that: 1) may lead to misunderstandings between the engaging parties, users, and practitioners as to responsibilities of CPAs; 2) may ultimately increase practitioners’ professional liability risk; and 3) may not deliver a needed service to the public.</p> <p>Under the extant standard, the practitioner does not take responsibility for the sufficiency of the procedures between the other two parties.^{fn1} However, “the specified parties assume responsibility for the sufficiency of the procedures since they best understand their own needs.”^{fn2} By allowing the specified parties to disclaim all responsibility for the sufficiency of procedures or use of report, the proposed standard increases the risk that the users of the selected procedures would not think through their objectives before engaging the practitioner. The resulting report may not be perceived as having as much value as one where the user, or a representative of the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>users, has taken responsibility for the sufficiency of the procedures and use of the report.</p> <p>Also, as an unintended consequence, the lack of the responsibility requirement may lead certain practitioners to accept engagements that they should not accept prior to conducting thorough discussions with the engaging parties or responsible parties (and/or users) as to the intended purpose and objectives of the procedures. Currently, practitioners are compelled to make thorough inquiries and research the objectives of procedures prior to accepting any AUP engagements. While the extant requirements may be perceived as burdensome to certain practitioners, the requirements help ensure quality services are provided by the profession as a whole.</p> <p>There are currently no services that could not be provided under either the attestation or consulting standards. All types of “selected procedures” engagements (where the engaging party requests practitioners to perform certain procedures) can be arranged as either a consulting engagement or an attestation engagement. Therefore, as much as the proposed standard could streamline the process for performing certain engagements, the additional risk resulting from the lack of the requirement to take responsibility for the sufficiency of the procedures would have to be addressed and revised.</p> <p><i>Additional specific example</i> Assuming the proposed standard, or certain parts, expand the practitioner’s ability to provide his or her services and the proposed standard is in the public interest, we offer the following additional specific example when, in practice, a practitioner may perform an engagement in accordance with the proposed standard:</p> <p>The specified parties are: 1) the United States of America; 2) a state; 3) a Trust; and 4) the Trustee. The subject matter is a trust that was established to remediate environmental damage caused to the natural habitat. The Trust was awarded a portion of billions of dollars earmarked for the purpose of remediating the damage. The Trustee needs to demonstrate compliance with certain reporting requirements detailed in the Trust agreement. Those reporting requirements require: 1) that the Trust receives all the funds to which it is entitled; and 2) that cash disbursements from the Trust are only used for remediation or permitted administrative disbursements.</p> <p>The practitioner was asked to provide a cost-efficient solution to interpret and address the reporting requirements of the Trust agreement. In response, the practitioner helped the Trustee develop specific procedures on the cash receipts and cash disbursements of the Trust to demonstrate annual compliance, which is the assertion. The agreed-upon procedures report is addressed to the Trust, the Trustee, the United States of America, and the state (specified parties). The report states that the procedures were agreed to by all of the aforementioned parties and that the sufficiency of these procedures is solely the responsibility of the management of the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>Trustee. The procedures and findings are provided, and the report is restricted, to the use of the responsible parties.</p> <p>Applying the current version of the ED, the Committee believes the Selected Procedures guidance differs from the extant guidance in the following ways:</p> <ol style="list-style-type: none"> 1. In a Selected Procedures engagement, the practitioner would not have to obtain an assertion from the Trustee regarding compliance. Instead, the report findings would be sufficient. 2. In a Selected Procedures engagement, the practitioner would be free to modify procedures without having to obtain agreement from the specified parties. 3. The Trustee would not have to take responsibility for the sufficiency of the procedures although the Trustee may want to. 4. The specified parties would make their own decisions about whether the procedures performed were sufficient for their purposes. As the engagement is currently performed, it is difficult to document that the United States of America, and the state, as specified parties, have agreed to the sufficiency of the procedures. However, it would be much easier to obtain a representation letter from an appropriate official of the United States of America acknowledging his or her awareness of the actual procedures performed. <p>^{fn1} See AT-215.12–AT-215.14. ^{fn2} See, for example, AT-215.03, AT-215.06, AT-215.07, and AT-215.10.</p>
25 – Deloitte & Touche LLP	<p>Circumstances when a practitioner may perform a selected procedures engagement in accordance with the proposed SSAE include:</p> <ul style="list-style-type: none"> • When there are numerous specified parties, it may be challenging to have all of the specified parties agree to the sufficiency of the procedures due to the nature or number of specified parties. • When a regulator has a requirement for an independent third party to perform a service, the level of service or the nature of the procedures are not clearly identifiable in the regulation, and it is not possible to have direct communication with the regulator in order to obtain agreement of the procedures performed and to have the regulator agree to the sufficiency of the procedures.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> • When an entity requests a general-use report and believes that performing procedures and reporting our findings will meet the needs of the users of the report (for example, procedures on the results of the tabulation of ballots for an awards show) the engagement would not be able to be performed as an agreed-upon procedures engagement because in an agreed-upon procedures engagement the practitioner’s report is required to include an alert to restrict the use of the report. <p>However, as explained in our response to Comment 4A, we believe there should be appropriate parameters for performing such engagements.</p>
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	The committee generally supports additional guidance for selected procedures engagements. For example, applying current agreed-upon procedures standards to an engagement related to tax return audits can be challenging. In such engagements it is difficult to provide a comprehensive list of all procedures to be performed since they vary from taxpayer to taxpayer; only the CPA knows which procedures to apply during the course of the engagement. Under existing attestation standards, the practitioner is required to communicate all additional procedures to the client, and repeatedly adjust the engagement scope and terms.
27 – Beth A. Schneider, CPA	I agree that there is a need to expand the practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215; however, it would only be in the public interest if the appropriate caveats are put in place for such service. For example, matters regarding balloting, awards and lotteries where independent observation is needed to add credibility to the outcome are the types of subject matters where I see the most value in creating such a standard, as well as for performance audits that are not performed under <i>Government Auditing Standards</i> . However, I have significant concerns on the permissibility of performing such an engagement to situations in which a responsible party should be able to take responsibility for the subject matter but is unwilling to do so.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 1B

Please provide feedback about whether you believe the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee agrees that the proposed standard appropriately addresses the stated objective, especially since the proposed standard places no explicit restrictions regarding these matters.
4 - AICPA PCPS Technical Issues Committee	TIC believes the proposed standards provide flexibility regarding who can develop the procedures and the responsibilities of the parties involved while at the same time providing the necessary structure to provide for consistency and quality in the performance of Selected Procedure engagements.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes the proposed standard addresses the objective of providing flexibility because unlike Agreed Upon Procedures, the procedures may be developed before or during the engagement.
6 - Michigan Office of Auditor General	We agree that the proposed standard would meet the objectives suggested above.
7 - National Association of State Boards of Accountancy	Additional flexibility may be warranted and in the public interest. However, as noted below, we do have concerns when no party or only the practitioner takes responsibility for the sufficiency of the procedures.
8 - National State Auditors Association	We believe the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement.
10 - RSM US LLP	We do not believe the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement. We believe there is a difference between (a) determining whether a user would find the procedures sufficient for the purposes they are using the report to accomplish and (b) developing or designing the procedures. We recommend these two concepts be separately addressed through revisions to AT-C section 215. In a selected procedures engagement, we believe the development or design of the procedures should be the responsibility of management, the practitioner or both, and both the engagement letter and the practitioner's report should state who has this responsibility. Whereas, in an agreed-upon procedures engagement, the objectives of the practitioner include applying to the subject matter procedures that are established by specified parties who are responsible for the sufficiency of the procedures for their purposes.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
11 – State of Michigan Office of Commission Audits	We believe that the proposed standard appropriately addresses the objective and the nature and extent of the responsibilities of the parties to the engagement. Because the proposed standard allows a practitioner, rather than the engaging party or responsible party (if different) to develop procedures without agreeing upon them first, and does not require any party to take responsibility for the sufficiency of the procedures, it provides practitioners with the flexibility to revise or add procedures as deemed necessary to meet the objective of the engagement. This is especially important for circumstances where the responsible party is not the engaging party.
12 - Hunter College Graduate Program – Advanced Auditing class	In an agreed-upon procedures engagement it is very common that the practitioner develops the procedures needed to meet a certain objective. In this proposed standard the practitioner will have even more flexibility to develop procedures without taking responsibility over the subject matter. We believe that this standard properly addresses the objective of providing flexibility to the practitioner and the parties involved.
13 - Piercy Bowler Taylor & Kern	As discussed in our response above to Specific Request for Comment 1A, we believe there is no need for a new standard to address the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the relative responsibilities of the parties to the engagement because this objective is already adequately met by the extant standards for consulting services, in fact, to a considerably greater extent than in the current Proposal. ^{fn2} Fn 2 <i>Ibid.</i>
15 - KPMG LLP	Standards that allow for a certain degree of flexibility are useful to practitioners, and the Proposed Standard recognizes the fluidity and collaboration that often occurs today when developing and performing agreed-upon procedures engagements. Because specificity of procedures are often not known in the beginning of an engagement, we support allowing for an iterative process rather than requiring amendment to an engagement letter as is the requirement in AT-C section 215.18. Final agreement to the procedures and/or responsibility for the sufficiency of the procedures for the intended purpose can be obtained in the management representation letter or similar means prior to issuance of the report.
16 – Ernst & Young LLP	We believe the proposed standard would provide appropriate flexibility regarding the development of the procedures to be performed by the practitioner. However, see our response to question 1D.c. for our views regarding the identification of the party or parties responsible for the subject matter in the practitioner’s report.
17 - Moss Adams LLP	In practice it is often difficult for the parties to draft procedures that are suitable, comply with the attestation standards, and provide an appropriate level of precision. The ability for the practitioner to assist in developing the procedures is clearly addressed in the exposure draft and does provide a valuable expansion of the current standards. This flexibility is also valuable in situations where not all parties to

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	the report may be known or able to take responsibility for the sufficiency of the procedures for their purposes.
18 - PricewaterhouseCoopers LLP	<p>In both an AUP engagement and the proposed SSAE, the responsible party is responsible for determining the subject matter. In an AUP engagement, the objectives include the practitioner applying procedures that are established by the specified parties, who are responsible for the sufficiency of the procedures for their purposes. In our experience, the practitioner is often requested to assist in the development of the procedures (as noted in issue 1 of the Explanatory Memorandum). However, AT-C section 215 is premised on the specified parties assuming responsibility for the <i>sufficiency</i> of the procedures because they best understand their own needs. Related, the concept of sufficiency of the procedures is linked to the premise that an AUP report should be restricted as to use.</p> <p>The underlying premise of the proposed SSAE is that no party would be required to take responsibility for the sufficiency of the procedures. In our view, this is likely to be perceived by users as the practitioner taking such responsibility, even if the report states the practitioner did not.</p> <p>While we agree in some cases the engaging party may not be best placed to make the initial determination of what procedures would be sufficient, we do not think it is the best interests of the profession or the users for the engaging party to merely provide written acknowledgement regarding their awareness of the actual procedures performed.</p> <p>Our recommendations We recommend the ARSC and the ASB explore a framework within that standard where:</p> <ul style="list-style-type: none"> • The practitioner can assist in the development of procedures, but does not take responsibility for the sufficiency of the procedures (implicitly or explicitly). This clarification would (1) accommodate the view that the responsible party and, where different, the engaging party can benefit from the practitioner’s expertise and (2) recognize that, in practice, specified parties often request that the practitioner assist in developing the procedures. • The engaging party and, where different, the responsible party agree to the intended purpose of the engagement (i.e., the use for which the practitioner’s report is intended) and the criteria to be used at its outset in the terms of the engagement. Unlike the approach taken in the proposed SSAE, we believe the concept of responsible party should be retained, with further clarity as to how the concept may be less applicable for certain subject matters (i.e., as contemplated in paragraph A47 of the proposed SSAE).

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> • At the conclusion of the engagement and before the practitioner’s report is issued, the engaging party should be in a position to agree that the procedures that were performed were appropriate in light of the intended purpose of the engagement. This essentially moves from the engaging party merely acknowledging awareness of the procedures to a more proactive requirement to determine the procedures that were performed were appropriate in light of the intended purpose of the engagement – that is, the report results in meaningful information in light of the purpose of the engagement. We suggest this be an additional written representation. If the engaging party is unable to agree as to the appropriateness of the procedures, language should be added to the practitioner’s report highlighting this circumstance. <p>Said differently, we believe a distinction can be made between requiring the engaging party to take responsibility for <i>the sufficiency of the procedures</i> versus confirming that they understand the procedures and believe they are appropriate in the circumstances given the intended purpose of the engagement. This concept is similar to the premise that the company takes responsibility for the financial statements, even in circumstances where the practitioner assists with their preparation. We envision that, over the course of the engagement, the responsible party and engaging party will benefit from communication with the practitioner to develop their understanding of what procedures the practitioner intends to perform and why. This approach would also accommodate circumstances in which the nature of the procedures are set out in law, regulation, contract, or communication from a regulator or other third party, or where the practitioner may not have the ability to obtain the agreement of all parties as to the sufficiency of the detailed procedures.</p> <p>We believe these recommendations are equally applicable whether the ARSC and the ASB decide to move forward with a separate standard or whether our recommendation to revise AT-C section 215 is accepted. In particular, we are concerned that removing both the requirement for the practitioner to request and assertion and any party taking responsibility for the sufficiency of the procedures results in an inappropriate (though implicit) balance of responsibilities between the practitioner and engaging party.</p>
20 - Crowe Horwath LLP	We believe the Proposed Standard does provide flexibility regarding the development of the procedures to be performed. Specifically, the ability for the procedures to be determined or changed over the course of the engagement by the engaging party, the practitioner and others, provides significant flexibility in contrast to an agreed-upon procedures engagement.
21 - U.S. Government Accountability Office	The proposed standard appropriately addresses the objective of providing flexibility in developing procedures that the practitioner will perform; however, we do not believe that the nature and extent of the responsibilities of the parties to the engagement, as

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	proposed, will appropriately ensure that a report is not misused or misunderstood, either by the engaging party or other users, as discussed in our response to 1A above.
22 - Professional Standards Committee of the Texas Society of CPAs	The proposed standard could be improved by including definitions of “purpose” of the engagement. While the revised standard does provide flexibility during the engagement, additional guidance concerning practitioner requirements would improve clarity of the standard.
23 – BDO USA, LLP	Currently, under AT-C section 215, the specified parties consider the advice of the practitioner in establishing the procedures that might be adequate for the particular subject matter. Even though such advice may be provided, the specified parties ultimately take responsibility for the adequacy of the agreed-upon procedures for the purposes they were intended. Further, should a change in the procedures be required after the engagement has commenced (as contemplated in AT-C 215), such changes are easily communicated by proper description of the final agreed-upon procedures within the practitioner’s report. Accordingly, we believe the flexibility regarding the development of the procedures that this proposed SSAE allows is largely already available.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	Yes, except for concerns enumerated in this letter. In short, the proposed standard offers increased flexibility, but carries risk of misunderstandings resulting from reduced accountability and/or clearly defined responsibilities.
25 – Deloitte & Touche LLP	We believe the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner is appropriately addressed in paragraph 1 of the proposed SSAE which states that the selected procedures may be developed by the practitioner, engaging party, another party, or a combination of these parties appropriately addresses this objective. As it relates to responsibilities of the parties to the engagement, please refer to our response to Comment 1C.
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	The committee agrees that the proposed standard is flexible. However, it has several concerns regarding the lack of appropriate parameters. Specifically, who takes responsibility for the sufficiency of the procedures and the framework for designing procedures? These concerns are discussed further below.
27 – Beth A. Schneider, CPA	I believe the proposed standard provides a little too much flexibility in the practitioner’s ability to perform a selected procedures engagement. I am concerned that the proposed standard, as written, will cause confusion for users between selected procedures and AUP engagements, and has the potential to significantly increase the practitioner’s liability if a selected procedures engagement is performed when no one is taking responsibility for the sufficiency of the procedures. Further, the proposed standard is likely to undermine the use of AUP engagements when such engagements would be more appropriate.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 1C

Do you agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement?

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree with the proposal that no party is required to take responsibility for the sufficiency of the procedures in a selected procedures engagement and with the report being general-use, as long as the current requirements in the proposed standard to explicitly communicate these items within the report language remains.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee agrees with the proposal that no party would be required to take responsibility for the sufficiency of the procedures, while noting that a party retains the option to take such responsibility. However, certain members of the Committee felt that the lack of taking responsibility may diminish the usefulness of the report. Even so, the lack of a party taking responsibility could provide a heightened sense of independence and could lead to an expansion of the range of services provided.
4 - AICPA PCPS Technical Issues Committee	TIC agrees that neither the practitioner or the engaging party should be required to take responsibility for the sufficiency of the procedures. Also, the fact that the users of a Selected Procedures report have a responsibility to determine that the procedures are sufficient for their purpose is an important consideration in this question. TIC believes that placing this responsibility on the users allows for the greatest flexibility in performing these engagements, and TIC feels that the report adequately discusses any limitations. TIC believes that where there could be some concerns about this information being available to those not familiar with the organization or the criteria being used, the practitioner can always restrict use of the report. For example, many times these reports might be restricted to management and those charged with governance.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group agrees with the proposal that no party would be required to take responsibility, however concern was expressed with respect to exposure to liability.
6 - Michigan Office of Auditor General	Given the wide range of potential engagements in which selected procedures may be applied, we recognize there may be circumstances when both the engaging party and the practitioner agree it is appropriate for no party to take responsibility for the sufficiency of the procedures. In this event, it is vital for the selected procedures report to note this fact.
7 - National Association of State Boards of Accountancy	We disagree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures. There is a general public perception that, when a certified public accountant has signed their name to a document, that a practitioner has used due professional care in determining the sufficiency of the procedures, unless there is division of responsibility clearly identified as currently done in AT-C section 215 engagements today.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	We also believe that the proposed standard could create threats to compliance with the AICPA <i>Code of Professional Conduct</i> “Independence Rule” [1.200.001] as it does not require any party to take responsibility for the sufficiency of the procedures. We believe that the practitioner needs to be independent with respect to the responsible party(ies), as defined in the SSAEs. The threat that a member would take on the role of attest client management, or otherwise assume management responsibilities for an attest client, could exist if no party takes responsibility for the selected procedures and determining that those procedures meet the intended purpose of the engagement.
8 - National State Auditors Association	We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement. However, removing responsibility for the sufficiency of the procedures may change the perceived scope and reliance for users. Therefore, it is imperative that the proposed reporting requirements that explicitly communicate this information remain.
10 - RSM US LLP	We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement. However, as stated above, we believe this concept is different than developing or designing the procedures. Therefore, management, the practitioner or both should be required to take responsibility for the development or design of the procedures.
11 – State of Michigan Office of Commission Audits	We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures. Given that selected procedures engagements would not require the practitioner, the engaging party, and responsible party (if different) to establish and agree upon the procedures to be performed, it would not always be appropriate for any party to take responsibility for the sufficiency of the procedures.
12 - Hunter College Graduate Program – Advanced Auditing class	We do agree with the proposal that no party takes responsibility for the sufficiency of the procedures in selected procedures engagements because this is one of the three major topics of the foundations of this proposed standard. Otherwise, it would contradict the very reasons for issuing this standard, and it would be an agreed-upon procedures engagement.
13 - Piercy Bowler Taylor & Kern	In the event selected procedures engagements, as described in the Proposal, were to become permissible, (of which we are not in favor), we firmly believe there always should be a party who is clearly responsible for determining the sufficiency of the procedures for the intended purposes. We believe having the engaging party merely acknowledge its awareness of the selected procedures (as in paragraph 42), without accepting responsibility, to be meaningless and, therefore, of no value. Further, we believe that articulating the absence of such responsibility, as illustrated in para. 53e of the proposed standard, would be objectionable to both the engaging party and the users of the CPA’s report, and despite the inclusion of such disclaimer language, users would likely default to the view that the reporting practitioner, in fact, must be responsible.
15 - KPMG LLP	Understanding the purpose of the engagement is necessary to design responsive procedures and report findings, or lack thereof.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>However, we believe that the engaging party should be required to determine the intended purpose (that is, the use for which the practitioner's report is intended), and therefore should also be required to either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. Inherently, while obtaining an understanding of the engaging entity's intended purpose, and then designing and executing the procedures with due professional care, the practitioner has some level of responsibility for the sufficiency of the procedures for which they were engaged. Like AT-C section 215.19, the Proposed Standard states that the practitioner should not agree to perform procedures that are open to varying interpretations. The practitioner should only agree to perform procedures that are responsive to the intended purpose.</p> <p>The practitioner is not the party that determines the intended purpose, yet may be perceived by users as implicitly concluding, to a certain degree, that the procedures are sufficient for the intended purpose. Consequently, we believe the Committee should require the party(ies) that determines the intended purpose to also either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. As previously stated, we believe the concept of acknowledging awareness of the procedures performed in paragraph 42 of the Proposed Standard is too ambiguous and should be eliminated.</p>
16 – Ernst & Young LLP	<p>We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement. Because a selected procedures report may be used by different users (e.g., suppliers, customers, regulators) for different purposes, each user would need to determine whether, and to what extent, the procedures are sufficient for their given purpose.</p> <p>However, we believe that someone other than the practitioner should determine that the selected procedures are appropriate for the intended purpose of the engagement, even if the practitioner or another party developed the selected procedures, and that party should be identified in the practitioner's report. Note that this differs from a party taking responsibility for the sufficiency of the procedures. We believe this is particularly important when a general-use report is expected to be issued, since users would reasonably expect a party other than the practitioner to determine that the procedures are appropriate for the intended purpose and they may not be in a position to make such an assessment. In most cases, we would expect the engaging party to determine that the selected procedures are appropriate for the intended purpose of the engagement. Further, we believe this requirement would be consistent with the other attestation standards that require a party to take responsibility for the procedures performed.</p> <p>As indicated in our response to question 2A below, when no party determines that the selected procedures are appropriate for the intended purpose of the engagement, we believe the practitioner should restrict the use of the report.</p>
17 - Moss Adams LLP	<p>There are certain circumstances in practice where it would be helpful if no party would be required to take responsibility for the sufficiency of the procedures for their intended purposes. A specific example is when one party cannot take responsibility for the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>sufficiency of the procedures, such as the aforementioned example when one of the parties is a large group of shareholders. There are also circumstances in which it would not be reasonable to require the engaging party to take responsibility for the sufficiency of the procedures <u>for its own purposes</u>, especially when this is included in the report, when the engaging party’s interests are in opposition to the interests of the other parties. However, we do have concerns that when no party takes responsibility for the sufficiency of the procedures for their purpose, the users of the report may look to the practitioner as taking responsibility for the sufficiency of the procedures to meet the needs of the report user This is especially troubling when a general use report is provided. Paragraph 53f of the proposed standard requires that the report include a statement that the procedures performed may not address all 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. This is critically important in addressing our concern and plays a vital role in helping users understand their responsibilities along with the responsibilities of the engaging party and the practitioner, and should remain as a requirement.</p> <p>We also believe that there is a difference between taking responsibility for the identification of the procedures and taking responsibility for the sufficiency of the procedures for their intended purpose. Taking responsibility for the identification of the procedures relates to the determination of which procedures will be performed whereas taking responsibility for the sufficiency of the procedures for their intended purposes relates to whether the identified procedures meet the intended needs of the parties. While we agree that under certain circumstances, no party should be required to take responsibility for the sufficiency of the procedures for their intended purposes, we believe that at least the engaging party needs to take responsibility for the identification of the procedures to be performed. We recommend that the report requirements in paragraph 53 of the proposed standard be strengthened to not only identify the engaging party (paragraph 53c), but to also include a more explicit requirement for a statement that the practitioner was engaged by the engaging party to perform the specified procedures. There is a critical phrase included in the illustrative report language that says “We were engaged by [the engaging party] ...”. Through this language the engaging party takes responsibility for identifying the procedures performed, while still allowing no party to take responsibility for the sufficiency of the procedures to be performed.</p>
19 - Grant Thornton LLP	We do not support the notion that the practitioner can take responsibility for the sufficiency of the procedures for the users, as we believe this is problematic from an independence perspective. However, we do acknowledge that the practitioner can be involved in determining the procedures to meet the objective(s) of the engagement.
20 - Crowe Horwath LLP	In contrast to the requirements of an agreed-upon procedures engagement, we agree with the Proposed Standard that no party would be required to take responsibility for the sufficiency of the procedures.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
21 - U.S. Government Accountability Office	Circumstances may exist where it is appropriate that no party takes responsibility for the procedures, but if possible, we believe that the practitioner should state in the report why no party is taking responsibility.
22 - Professional Standards Committee of the Texas Society of CPAs	No, we do not agree with the proposal that no party would accept responsibility for the sufficiency of procedures in an agreed-upon procedure engagement. The client is sometimes not knowledgeable enough to determine sufficiency and/or adequacy of engagement procedures. There could be circumstances when the CPA has to determine which procedures are needed to meet the engagement objectives. However, the client is ultimately responsible for the sufficiency of the procedures.
23 – BDO USA, LLP	<p>As to the flexibility this proposed SSAE provides regarding the responsibilities of the parties to the engagement, we believe that such flexibility goes too far by allowing no specified party to have such responsibility for the sufficiency of the procedures for the purposes they were intended. Even with the required inclusion in the practitioner’s report that the completed selected procedures may not meet the needs of all users, some general users may nonetheless, by default, believe that the practitioner must have determined the adequacy of the selected procedures if that practitioner were willing to issue the general use report in the first place. We do not believe such possible misunderstandings are in the public interest.</p> <p>...we recommend that if the proposed standard moves forward the standard include a requirement for the engaging party to take responsibility that the procedures meet the intended purpose of the engagement.</p>
24 - Audit and Assurance Services Committee of the Illinois CPA Society	<p>No, we disagree with the premise that a disclaimer of responsibility is appropriate. Currently, the practitioner does not take responsibility for the sufficiency of the procedures performed. However, the lack any party’s responsibility for the sufficiency of the procedures could lead to:</p> <ul style="list-style-type: none"> • misunderstandings between parties; • reduced usefulness of the reports; • erosion of public trust; and • potential additional professional risk.
25 – Deloitte & Touche LLP	As stated in our overriding observations, we believe that as a precondition to accepting the engagement, the engaging party should be required to take responsibility for the sufficiency of the selected procedures and for determining that the selected procedures meet the intended purpose of the engagement.
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	Some on the committee find this proposal to be counterintuitive. If a client is engaging the CPA to design and perform procedures to achieve a stated objective, can the CPA disavow responsibility for the sufficiency of the procedures? Isn’t the underlying objective of the selected procedures engagement to leverage the CPA’s expertise to design procedures sufficient to meet a given objective? On the

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>other hand, if the client has designed the procedures, shouldn't the client be responsible for the sufficiency of the procedures? These committee members believe that the party designing the procedures should take responsibility for their adequacy.</p> <p>Others on the committee view responsibility as a legal matter, and note that situations could arise wherein it may be acceptable for no party to take responsibility for the sufficiency of the procedures. However, these situations should be limited to restricted use reports in which all users are known, thereby allowing objective evaluation of the criteria. As discussed below, it may be challenging for practitioners to objectively evaluate criteria for a general use report in a setting where no one takes responsibility for the sufficiency of the procedures.</p> <p>The committee also believes that the concept that no party would be required to take responsibility for the sufficiency of the procedures conflicts with a statement included in the proposed report (page 51, para. 53 f.) that "users are responsible for the sufficiency of the procedures."</p>
27 – Beth A. Schneider, CPA	I do not agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement as I believe it would diminish the credibility of the service. If the engaging party is unable or unwilling to take such responsibility, then the practitioner would need to do so or it would not be in the public interest for a general use report to be issued.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 1D

Related to Specific Request for Comment 1C, consider and provide feedback about whether you believe the proposed reporting requirements appropriately communicate the following:

- a. When no party takes responsibility for the sufficiency of the procedures
- b. When the practitioner, the engaging party, another party, or a combination of these parties take responsibility for the sufficiency of the procedures
- c. The responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter
- d. The limitations of the engagement

Commenter	Specific Response
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	<p>The Committee has the following comments regarding the proposed reporting requirements:</p> <ul style="list-style-type: none"> a. The Committee agrees that the proposed standard provides the appropriate guidance in this area. b. The Committee would appreciate additional guidance on this matter, since this is a new type of engagement. One thought is that this situation could blend in with, and therefore cause confusion with, agreed-upon procedures engagements. c. The Committee believes that the current proposal does clearly provide this guidance. d. In this circumstance, the Committee believes that the practitioner may actually be performing an agreed-upon procedures engagement when this new procedures engagement is being performed.
4 - AICPA PCPS Technical Issues Committee	TIC believes the proposed reporting requirements are appropriate and adequately communicate the scenarios listed above.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes that engagement letters and reports must clearly disclose the lack of responsibility and limitations for the purpose of limiting the practitioners' legal liability exposure.
6 - Michigan Office of Auditor General	We consider the required reporting as appropriate to convey the above noted items.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
7 - National Association of State Boards of Accountancy	As noted in our previous comment, we have serious concerns over the proposed reporting under subparts a, b and c. We believe the proposed reporting requirements in subpart d are appropriate.
8 - National State Auditors Association	Except as it relates to parties responsible for the subject matter (item c), we believe the proposed reporting requirements appropriately communicate the items noted above. Regarding parties responsible for the subject matter, paragraphs 30.a.v. and A47, make it clear that there can be circumstances where no party is responsible for the subject matter of the engagement. However, this is not communicated in the report. We believe paragraph 53.d. should be restructured similar to paragraph 53.e. which requires a statement be included in the report when no one takes responsibility for the sufficiency of the procedures performed.
10 – RSM US LLP	When no party has taken responsibility for the sufficiency of the procedures, we believe the practitioner’s report should communicate that the procedures are limited to those described in the report. The practitioner’s report also should disclose who is responsible for the design of the procedures.
11 – State of Michigan Office of Commission Audits	<p>a. When no party takes responsibility for the sufficiency of the procedures</p> <p style="padding-left: 40px;">We believe that paragraph 53e of the proposed reporting requirements appropriately communicates when no party takes responsibility for the sufficiency of the procedures.</p> <p>b. When the practitioner, the engaging party, another party, or a combination of these parties take responsibility for the sufficiency of the procedures</p> <p style="padding-left: 40px;">We believe that paragraph 53e of the proposed reporting requirements also appropriately communicates when certain parties take responsibility for the sufficiency of the procedures.</p> <p>c. The responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter</p> <p style="padding-left: 40px;">We believe that paragraph 53d of the proposed reporting requirements appropriately communicates the responsibilities of the parties.</p> <p>d. The limitations of the engagement</p> <p style="padding-left: 40px;">We believe that paragraph 53k of the proposed reporting requirements appropriately communicates the limitations of the engagement.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
13 - Piercy Bowler Taylor & Kern	As set forth in our response to Specific Request for Comment 1C, above, in the event this standard were to be adopted substantially as proposed, we believe there always should be a party who is deemed responsible for determining the sufficiency of the procedures for the intended purposes. Therefore, we cannot comment upon the proposed reporting requirements under condition a. in this Specific Request for Comment. We believe the proposed reporting requirements under conditions b. and c. in this Specific Request for Comment are appropriately communicated (once again, assuming the standard were to be adopted substantially as proposed).
16 – Ernst & Young LLP	<p>1Da: We agree that no party should be required to take responsibility for the sufficiency of the procedures and believe the proposed reporting requirements appropriately communicate that fact, when applicable. However, as indicated in our response to question 1C, we believe a party other than the practitioner should be required to determine that the selected procedures are appropriate for the intended purpose of the engagement and that party should be identified in the practitioner’s report.</p> <p>1Db: When the engaging party, another party or a combination of these parties (other than the practitioner) chooses to take responsibility for the sufficiency of the procedures, we believe the proposed reporting requirements would be appropriate.</p> <p>However, we don’t believe it would be appropriate for the practitioner to take responsibility for the sufficiency of the procedures because this could result in the practitioner providing a conclusion that the procedures are appropriate for the user’s purpose, which would be inconsistent with an engagement where no assurance is obtained. In addition, the practitioner would be assuming the risk that the procedures might be insufficient. While the proposed service is separate and distinct from an AUP engagement, paragraph A6 of AT-C section 215 states that the party “responsible for the sufficiency (nature, timing, and extent) of the agreed-upon procedures ... assumes the risk that such procedures might be insufficient.” We recommend clarifying in any final standard that the practitioner cannot take responsibility for the sufficiency of the procedures</p> <p>1Dc: Paragraph 53.d of the proposed standard indicates that the practitioner’s report should include “a statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement that has taken responsibility for the subject matter”. It’s unclear to us whether the proposed standard would require the practitioner’s report to identify the party or parties responsible for the subject matter.</p> <p>We believe any final standard should require that the practitioner’s report identify the party or parties (other than the practitioner) responsible for the subject matter when the engaging party is able to make that determination. We believe it would be appropriate for the engaging party to make this determination because the engaging party is required to identify the party or parties responsible for the subject matter in the engagement agreement. We do not believe it would be appropriate for the practitioner to make this determination because the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>practitioner may not have any interaction with the party responsible for the subject matter.</p> <p>Further, if the engaging party is unable to determine the party or parties responsible for the subject matter, we believe any final standard should require a statement to that effect in the practitioner’s report. In this situation, we also believe any final standard should require the practitioner’s report to include (1) cautionary language for the user to consider this fact when determining how to use the findings and how much reliance to place on them and (2) an alert that restricts the use of the report.</p> <p>We believe these requirements would reduce the risk of misleading users of the report, who would likely presume that the engaging party is responsible for the subject matter.</p> <p>Moreover, we are concerned that, if the report doesn’t clarify that someone other than the practitioner is responsible for the subject matter, the practitioner may be viewed as being the responsible party, which could call into question his or her independence for the selected procedures engagement or for the audit when the practitioner is the financial statement auditor of an engaging party and subject to SEC rules.</p> <p>1Dd: We believe the proposed application guidance in paragraph A95 should be expanded to include the following examples:</p> <ul style="list-style-type: none"> ▶ Clarification that the practitioner did not perform any procedures to validate the documents used in the execution of the selected procedures <p>When the practitioner restricts the use of the report, disclosure that the practitioner’s report is not intended for use by specified parties that may have access to the report as required by law or regulation</p>
17 - Moss Adams LLP	<p>The proposed report language provides clear and reasonable options to identify what parties, if any are taking responsibility for the sufficiency of the procedures for their intended purposes. However, as discussed in our response to 1C, we believe additional language should be added to communicate the party taking responsibility for the identification of the procedures. Additionally, we recommend that the report requirements in paragraph 53 of the proposed standard be amended to include a statement that the engaging party is responsible for determining that the criteria are appropriate for the purposes of the engagement.</p> <p>We do have concern over the option for the practitioner to take responsibility for the sufficiency of the procedures. We believe the practitioner taking responsibility for the sufficiency of the procedures would create an expectation gap in the level of assurance</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>provided by the engagement. In addition, in concept, one could interpret a practitioner taking responsibility for the sufficiency of the procedures as establishing a basis for expressing an opinion, which is inconsistent with the objectives of the proposed selected procedures engagement. Further, the fact of this option may create scenarios in which parties to an engagement insist or put pressure on a practitioner to take responsibility for the procedures because it is an option under the proposed standard, even though it is not appropriate for a practitioner to do so. Although it reduces some of the flexibility of the proposed standard, it will increase protection of the public, especially in the case of general-use reports. We believe this option should be removed from the proposed standard, however if it is retained, illustrative report language should be provided.</p>
<p>18 - PricewaterhouseCoopers LLP</p>	<p>We understand the desire to consider whether the attestation standards could evolve to allow for the practitioner to bring expertise and provide services that may enhance credibility and trust by deriving independent findings that could be made available beyond those parties that agree to the procedures to be performed. The most common limitation our practitioners see with an AUP engagement today is the client’s desire, but inability, to distribute the report to parties who have not agreed to the sufficiency of the procedures for their purposes. In practice today, there could be benefits to making practitioners’ AUP reports more accessible to users, for example, when AUP engagements are required by law or regulation or when management wishes to engage a practitioner to perform services to give transparency about certain subject matters but does not require an attestation examination or review engagement to be performed. For example, the new service could be used to enable practitioners to provide bridge letters in relation to SOC 1 engagements. The AICPA, firms and the profession could also explore the development of more standardized procedures related to certain subject matters as a means of offering new or expanded services, for example in relation to reporting on a company’s adherence to specific regulatory requirements, other compliance reporting, or in response to current market concerns.</p> <p>In our experience, the users of an AUP report can vary from management and/or those charged with governance who are internal to the entity, to specific third parties, to a specific class of third-party users, to potentially a broad range of users. AT-C section 215 largely contemplates the users of the AUP report as the company and third parties who have agreed to the procedures, but the concept of users of these reports has changed over time. For example, in practice there is currently demand in some circumstances for the report to be made available to third parties who have not agreed to the sufficiency of the procedures for their purposes (e.g., regulators, funding agencies, ratings agencies). We also agree with the position in the Explanatory Memorandum that permitting general-use reports would enable practitioners to assist in enhancing the credibility or trustworthiness of information. We are therefore supportive of considering whether practitioner’s reports could be made more widely available, as contemplated in the proposed SSAE.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>The procedures in an AUP engagement and in a proposed selected procedures engagement should generally result in objectively verifiable factual findings and are not designed to provide a basis for the practitioner to form an opinion or conclusion. Instead, individual users of the practitioner’s report would make their own determinations about whether the procedures performed were sufficient for their purposes.</p> <p>Our recommendations We therefore believe the ARSC and the ASB could develop appropriate guidance in a revised AT-C section 215 to help practitioners consider, based on the subject matter of the engagement and the nature of procedures performed, whether the practitioner’s report should be restricted as to use or not. For example, paragraph .64 of AT-C section 205 sets out requirements for practitioners to determine when it is necessary to restrict the use of the report in an examination engagement. We believe similar principles could be embedded in a revised AT-C section 215 to enable practitioners to consider whether an AUP report should be restricted or could be more widely distributed. Additional considerations could be framed around the need for the practitioner to avoid issuing a report that could be misunderstood by users. Similar to deciding whether to accept an engagement, the practitioner’s considerations in deciding whether it is necessary to restrict the report would likely depend on the subject matter and the nature of the procedures that are expected to be performed, as well as the potential that the users of the report may misunderstand the purpose of the engagement or the practitioner’s procedures and findings.</p> <p>For this reason, it is also necessary to consider how best to articulate the facts and circumstances specific to the engagement in the practitioner’s report, whether reporting in accordance with the proposed SSAE or a revised AT-C section 215. We believe there are ways in which the practitioner can satisfy himself or herself that users will understand the purpose for which the report of factual findings is intended to be used. This could, for example, include using clear terminology, outlining the purpose for which the report is prepared, and what the practitioner’s responsibilities are in regard to performing the engagement.</p> <p>Our specific recommendations on how to improve the communicative value of the practitioner’s report as included in the proposed SSAE are as follows:</p> <ul style="list-style-type: none"> • The report should be transparent as to the intended purpose of the engagement, the engaging party and, if different, the responsible party, and the procedures performed (as contemplated in part by the proposed requirement in paragraph 53(c) of the proposed SSAE).

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> • The report should, in most cases, indicate that the responsible party takes responsibility for the subject matter. For certain subject matters, this may not be practicable (e.g., a benchmarking engagement), in which case the responsible party would only take responsibility for the identification of the subject matter. • The report could note that at least the engaging party, and in some situations the responsible party, agree that the procedures that were performed were appropriate in light of the intended purpose of the engagement. If the requirements and guidance of the proposed SSAE were subsumed into AT-C section 215 and the notion of obtaining an assertion is retained, we would suggest the report also make specific reference as to whether the responsible party provided an assertion. • The report should clearly indicate that the practitioner does not take responsibility for the sufficiency of the procedures. Where the engaging party or responsible party takes such responsibility, or when the procedures are required by law or regulation, this could also be described. • The report should include a statement that the procedures performed may not address all items of interest to users and may not meet the needs of all users and, as such, users are responsible for determining the sufficiency of the procedures for their intended purpose (as contemplated by the proposed requirement in paragraph 53(f) of the proposed SSAE). <p>We believe these recommendations to improve the practitioner’s report are equally applicable whether the ARSC and the ASB decide to move forward with a separate standard or whether our recommendation to revise AT-C section 215 is accepted. If a new service is developed, a selected procedures report should be clearly differentiated from an AUP report if these engagements are conducted under different standards.</p>
20 – Crowe Horwath LLP	<p>We agree with the reporting requirement in paragraph 53e in the Proposed Standard to include: “An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility.” However, we note that in all six report illustrations, the disposition of this requirement is to report that neither the practitioner nor the engaging party take responsibility for the sufficiency of the procedures. We recommend that at least one of the report illustrations be modified to include language whereby one of these parties, or another party, does take such responsibility.</p> <p>We believe the Proposed Standard provides sufficient guidance on the requirement to report the general limitations of a selected procedures engagement. While the Application Guidance provides some examples of more specific limitations that may exist in</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	Paragraph A95, it might be helpful to include a sample paragraph in one of the six report Illustrations.
21 - U.S. Government Accountability Office	The proposed language to be included in the report if no party takes responsibility for the sufficiency of the procedures does not sufficiently ensure that the report will be appropriately understood by potential users and used for its intended purpose. The communication of limitations should address not only procedures and findings but should also address when no party takes responsibility for the sufficiency of the procedures.
22 - Professional Standards Committee of the Texas Society of CPAs	<p>a. If the standard is going to allow no one to take responsibility for the sufficiency of the procedures, then the guidance provided is adequate for the purpose intended.</p> <p>b. The proposed standard provides adequate guidance.</p> <p>c. The proposed standard provides adequate guidance.</p> <p>d. The proposed standard provides adequate guidance for communication to a third party.</p>
24 - Audit and Assurance Services Committee of the Illinois CPA Society	<p>a. Yes, the ED appropriately communicates the reporting requirements specific to situations when no party takes responsibility for the sufficiency of the procedures, but we do not agree with the premise that no party should take responsibility for the sufficiency of the procedures (as explained in this letter).</p> <p>b. Yes. The extant standard does not reference whether the practitioner can take responsibility for the sufficiency of the procedures. The Committee believes that the proposed standard should not add an option for the practitioner to take responsibility for the sufficiency of the procedures.</p> <p>c. Yes, the ED appropriately communicates the reporting requirements specific to responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter, but we do not agree with the premise that no party should take responsibility for the sufficiency of the procedures (as explained in this letter).</p>
25 – Deloitte & Touche LLP	<p>a. When no party takes responsibility for the sufficiency of the procedures Please refer to our response to Comment 1C.</p> <p>b. When the practitioner, the engaging party, another party, or a combination of these parties take responsibility for the sufficiency of the procedures As discussed in our overriding observations relating to taking responsibility for the sufficiency of the selected procedures, we</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>recommend modifying the reporting requirements to include a statement that the engaging party takes responsibility for the sufficiency of the selected procedures and for determining that the selected procedures meet the intended purpose of the engagement (refer to our editorial recommendation in Appendix B relating to paragraph 53e).</p> <p><i>c. The responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter</i> As discussed in our overriding observations relating to Independence, we recommend that paragraph 53d of the proposed SSAE be revised to require identification of the party, other than the practitioner, who has taken responsibility for the subject matter (refer to our editorial recommendation in Appendix B relating to paragraph 53d).</p> <p><i>d. The limitations of the engagement</i> We believe the proposed reporting requirements appropriately address the limitations of the engagement, except when the report is intended only for use by the engaging party. In such cases, we do not believe it is appropriate or necessary to include the statement required by paragraph 53f 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.” In such circumstances, we believe that the report should include an alert that restricts the use of the report to the engaging party and the procedures developed should address the items of interest to the engaging party (refer to our editorial recommendation in Appendix B relating to paragraph 53f).</p>
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	<p>Para. 34 permits the practitioner to accept records and documents as genuine. It is not clear how this acceptance is included in the proposed report. Additionally, if practitioners are designing the procedures to meet a specific objective, it is arguable that they should have performed procedures to ensure the underlying integrity of the data.</p> <p>Para. A47 notes that there may be circumstances in which no party is responsible for the subject matter of the engagement. Can the practitioner accept the sufficiency of the documents and records when no party is responsible? Plus, shouldn't the report (para. 53 d.) disclose the source of the information and that no one is claiming responsibility for the subject matter?</p> <p>Para. 53 h. ii. requires the following report language: “The practitioner was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter.” The committee notes that this engagement is not an assurance engagement, and believes that this should be better highlighted in the report.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	Also, the committee has concerns regarding the practitioner’s responsibility for the selected procedures report as time passes. Unlike a typical engagement, which covers a specified date or time period, a selected procedures engagement could be based on criteria for which the timeframe is not well-defined. As such, third parties may rely on a selected procedures engagement after circumstances have changed within the organization, or the specified criteria are no longer appropriate. The committee believes that additional report language is needed to adequately inform potential users regarding the limitations of the selected procedures report and the possibility that changes in circumstances could have occurred after the date of the report that could have impacted the procedures selected or the results of those procedures.
27 – Beth A. Schneider, CPA	While paragraph 53d clearly requires identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility, all the illustrative practitioner’s reports only illustrate the latter statement, even when one would expect that the engaging party should be taking responsibility, such as when the purpose of the engagement is to assist the engaging party in its evaluation of the subject matter. It is unclear from the proposed standard who is responsible for the subject matter as the only requirement is to report who is responsible for the <i>selection</i> of the subject matter (see further discussion below concerning paragraphs 53d and 53e).

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Issue 2—Use of the Report

Specific Request for Comment 2A

Do you agree with the permission of general-use selected procedures reports? If you don't agree, please explain why.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree with the proposal that no party is required to take responsibility for the sufficiency of the procedures in a selected procedures engagement and with the report being general-use, as long as the current requirements in the proposed standard to explicitly communicate these items within the report language remains.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee agrees with the permission of general-use selected procedures reports, subject to the caveats noted throughout this response.
4 - AICPA PCPS Technical Issues Committee	TIC agrees with the permission of general-use selected procedures reports. TIC appreciates the flexibility for the client and practitioner to be able to determine whether the reports should be restricted or could be made available for general use and could envision many scenarios where general-use reports would be appropriate. Further, TIC believes that the proposed standard provides the practitioner with sufficient information to be able to make the determination as to whether to restrict their report.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group agrees with the permission of general-use selected procedures reports. The Group recommends that the standards are clearly defined as in other attest standards to differentiate themselves from the Statements on Standards of Consulting Services.
6 - Michigan Office of Auditor General	Yes, we agree that there will be circumstances where a wide audience of users will benefit from a selected procedures engagement, therefore the option of a general-use report is appropriate.
7 - National Association of State Boards of Accountancy	We agree with the permission of general-use selected procedures reports. It is important to allow the flexibility for the client and practitioner to be able to determine whether the reports should be restricted or could be made available for general use. However, the public should not be misled by the level of assurance provided or the sufficiency of the procedures performed. However, we do not believe that either general-use or limited-use reports are appropriate in situations where no party is responsible for the sufficiency of the procedures.
8 - National State Auditors Association	We agree with the proposal that no party is required to take responsibility for the sufficiency of the procedures in a selected procedures engagement and with the report being general-use, as long as the requirements in the proposed standard to explicitly communicate these items within the report language remain.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
10 – RSM US LLP	We agree with the permission of general-use selected procedures reports. As noted above, we believe that when responsibility for the sufficiency of procedures is taken by specified parties, the report should be limited to use by those parties.
11 – State of Michigan Office of Commission Audits	We agree with the permission of general-use selected procedures reports, under the condition that a practitioner would not be precluded from restricting the use of the report if deemed necessary. Given that no party would be required to take responsibility for the sufficiency of the procedures, the procedures performed may not be always be sufficient for general use. Therefore, in some cases, the practitioner may determine that the report should be restricted to specific users.
12 - Hunter College Graduate Program – Advanced Auditing class	We do not agree with the permission for a general-use selected procedures report because it may give rise to litigations although these types of procedures provide no assurance at all. The rationale behind this is that whenever one or many parties engage the practitioner for a selected procedures engagement they need a specific report for a specific reason. Therefore, this type of the report may be mistakenly used by general users.
13 - Piercy Bowler Taylor & Kern	We firmly believe that use of such reports, if permitted, should always be restricted to identified users who can reasonably be expected to understand the limitations on the related services, most particularly as they are distinguished from audit services. We do not believe it would be prudent for a practitioner knowingly to accept the risk of exposure to liability to an unknown body of potential users of such a report. Further, we believe insurers would be reluctant to afford liability coverage at reasonable costs to firms that engage in such reporting practices to any significant degree,
15 - KPMG LLP	Without appropriate guidance for practitioners to consider, we believe that there is a risk that certain criteria or subject matter may be inappropriate for general-use reports. Therefore, we believe that a restricted-use report should be the presumption, with a general-use report permitted under certain limited circumstances. The practitioner should consider whether the subject matter and criteria are appropriate for users other than the parties to the engagement, who the potential users are, and for what purpose the potential users may use the report. After such consideration, if in the practitioner’s judgment a general-use report is appropriate, then the Proposed Standard or AT-C section 215 should so permit. In a general-use report, the transparency with regard to how the procedures and findings are worded becomes even more critical, and the burden for describing the procedures and findings in a general-use report is that of the practitioner.
16 – Ernst & Young LLP	We agree with the proposal to permit general-use selected procedures reports. However, we believe the practitioner should restrict the use of the report when (1) no party determines that the selected procedures are appropriate for the intended purpose of the engagement (see our response to question 1C), (2) the engaging party is unable to determine the party or parties responsible for the subject matter (see our response to question 1D.c) or (3) the subject matter is “sensitive” and the party responsible for the subject matter refuses to provide a representation that the subject matter is in accordance with the criteria and the party has a reasonable basis to make that statement (see our response to question 3A).

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>In addition, for subject matter that is not “sensitive,” we believe that, when the engaging party refuses to provide the representation that it has disclosed to the practitioner any reservations it has about whether the subject matter is in accordance with the criteria, in all material respects, the practitioner should consider restricting the use of the report and/or disclosing in the report the engaging party’s refusal to provide the representation. We recommend adding this example to the proposed application guidance.</p> <p>Practically, we believe many selected procedures reports would include a restriction to a specified class of users because users would not be presumed to have an adequate understanding of the criteria.^{fn1} Therefore, it would be inappropriate for the general public to have access to a selected procedures report if the users do not understand the criteria. This would align with the requirements for attestation examinations and reviews.</p> <p>Fn1 Paragraph A38 of the proposal states, “Some criteria may be suitable for only a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.”</p>
17 - Moss Adams LLP	<p>The ability to issue a general–use selected procedures report is problematic for practitioners in that they are unable to establish an agreement in writing with the users of the report and identify those who will be relying upon their work. While we believe there are certain circumstances where all specific parties may not be fully known, we believe that there should be a description of the intended parties within the report, thereby restricting its use. The identification of the intended parties could provide the option to describe the parties fairly broadly, such as “all shareholders,” “all tenants,” or “visitors to the website (where the report is posted).” We further believe that paragraph 30 of the proposed standard should include a requirement for the practitioner to obtain a written agreement from the engaging party documenting the intended distribution and use of the report.</p>
19 - Grant Thornton LLP	<p>We are supportive of eliminating the restrictions on the use of the report, with an option for the practitioner to restrict where deemed appropriate. We also support the notion that the users of the report would make their own determination as to its sufficiency and that this responsibility would be delineated in the report.</p>
20 – Crowe Horwath LLP	<p>We support the creation of an attestation engagement that results in general-use selected procedures reports. This provides greater flexibility for companies that wish to provide broader information to their stakeholders. One of the objectives of the standard is to provide flexibility including in the development of the procedures to be performed. Thus, we don’t believe the practitioner should be required to report on the party or parties that developed the procedures. This does not seem important to a user’s ability to understand the procedures and findings.</p>
21 - U.S. Government Accountability Office	<p>We believe that a general-use selected procedures report should be allowed in certain circumstances; however, there are risks that the user may incorrectly or inappropriately apply or interpret the selected procedures performed. We believe that the general-use report should be extremely clear regarding the procedures performed and suggest expanding the guidance regarding the requirement to state</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	the procedures performed in the practitioner’s report by adding an additional application guidance paragraph to provide examples, similar to what is provided in paragraph A95 for limitations.
22 - Professional Standards Committee of the Texas Society of CPAs	Selected procedure reports should be used by the specific users for which the engagement was performed. Other users of the selected procedure reports may not know or understand the circumstances for which the engagement was performed. General use should be restricted to full audit procedure reports.
23 – BDO USA, LLP	...permitting a selected procedures practitioner’s report to not be restricted for use by the limited specified parties with the most knowledge of the subject matter may inadvertently result in users misunderstanding the level of judgment applied by the practitioner in deciding which procedures to select. Expecting that each possible general user of the practitioner’s report will make an appropriate determination about whether the procedures performed were sufficient for their own purposes, when many such users may not understand the nature and extent of the specified parties and the practitioner’s respective roles in the engagement, may not be a reasonable expectation. As such, we believe the restriction on use should be retained.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	Yes. However, the Committee is concerned that the general-use selected procedures reports may increase a practitioner’s professional liability, as these reports may be available to a wider and potentially unknown audience. Additionally, there may still be certain circumstances in which restricted-use reports may be more appropriate. Therefore, the Committee recommends that the proposed standard provide better guidance on the circumstances when general-use reports, as opposed to restricted use reports, should be used.
25 – Deloitte & Touche LLP	<p>We agree with the permission of general-use selected procedures reports and that the determination of whether a report is to be general-use or include an alert to restrict the use should be an engagement-by-engagement decision.</p> <p>We recommend providing application guidance for the practitioner in determining whether it is appropriate to have a general-use report. For example, consideration may be given to the following:</p> <ul style="list-style-type: none"> • Intended purpose of the engagement and whether a general-use report supports the purpose. • If a general-use report could increase the risk that the users of the report may misunderstand the information provided.
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	<p>The committee is concerned that permitting general-use selected procedures reports is not in the best interest of the public until better parameters and clear responsibilities are defined and additional guidance is incorporated into the standard, to wit:</p> <p>Potential for Misleading the User Not in the Public Interest – The committee believes that clients potentially could structure the criteria in such a manner that the selection of procedures could result in information that could be used to mislead third parties. The lack of perceived responsibility associated with a selected procedures engagement could motivate clients to manipulate the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>scope of the criteria or influence the selection of procedures to mislead third party users; for example, by influencing the selection of procedures to provide positive information about their companies and exclude other procedures which convey unfavorable information. Although paragraphs A.33 through A.42 touch upon the practitioner’s responsibility with regard to these issues, the committee believe that these judgements may be difficult for practitioners to properly assess objectively. While the CPA has an ethical responsibility not to undertake an engagement where he or she would knowingly mislead third-party users, given the lack of sufficient parameters over the procedures, and considering the proposed lack of responsibility over the sufficiency of the procedures, more robust parameters and guidance is needed in this area.</p> <p>Lack of Responsibility and Practitioner Liability – The committee believes that it is overly optimistic to presume that the lack of responsibility imparted to the practitioner under the proposed standard will be accepted and understood by the user community or will withstand legal challenges. The committee is concerned that as a general-use report the practitioner would have a great deal of difficulty disavowing responsibility for procedures the practitioner selected. The committee believes that having a client or a third-party user accept responsibility for the sufficiency of the procedures as a precondition to issuing a general-use selected procedures report should be considered. Additionally, whereas para. A91 states that a practitioner is neither “required or precluded from making an explicit statement that the practitioner makes no representation regarding sufficiency of the procedures” such a statement should be considered a precondition for the issuance of a general purpose selected procedures report.</p>
27 – Beth A. Schneider, CPA	<p>If the appropriate caveats are in place as to when a selected procedures engagement may be performed, it would be appropriate for a general use report. For example, I believe a general use report would be appropriate concerning subject matters where observation of a process is requested to increase its credibility (such as concerning balloting, awards and lottery situations). However, it would not be appropriate for situations in which the engaging party should be responsible for the subject matter but is unwilling to take responsibility for it.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 2B

If general-use selected procedures reports are permitted, should additional language be included in the practitioner’s selected procedures report such as disclosure of the party or parties that determined the procedures to be performed by the practitioner?

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We do not believe additional language is needed if general-use procedures reports are permitted, as included in the proposed standard, since the absence of a restriction on use clearly implies the report is not restricted to specific parties. Further, the identification of subject matter and procedures within the report should clearly demonstrate to users the procedures performed and resulting findings. We believe the required transparency in reporting procedures in combination with the reporting requirement in paragraph 53(f.) satisfactorily reduce the risk that general users may draw inappropriate conclusions from the report.
3 - Florida Institute of CPAs’ Accounting Principles and Auditing Standards Committee	The Committee believes that this additional language would not be considered relevant if no responsibility for the sufficiency of the procedures is being taken by the parties. In addition, a determination by the practitioner of the selection of the procedures may provide the appearance of an audit. Finally, the lack of responsibility for the procedures taken by the client would further separate this engagement from one to apply agreed-upon procedures.
4 - AICPA PCPS Technical Issues Committee	TIC does not believe that additional language is necessary in general-use reports. TIC believes the language required in the proposed reports informing users of their responsibility for determining the sufficiency of the procedures for their intended purposes is sufficient.
5 - New Jersey Society of CPAs’ Accounting and Auditing Interest Group	The Group believes that additional language, such as disclosure of the party or parties that determined the procedures, would be contradictory to the expanded services’ objective of providing more flexibility and parties not required to take responsibility for the sufficiency of the procedures. Furthermore, it could create confusion with reporting under the AT-C 216 - Agreed Upon Procedures Engagements.
6 - Michigan Office of Auditor General	No, we would not consider it important to know who determined the procedures. The vital information will be knowing what procedures were performed and what the results were.
7 - National Association of State Boards of Accountancy	In order to avoid confusion of the general public as to the sufficiency of the procedures performed and the related intended use, we believe that the report should include disclosure of the party or parties that determined the procedures to be performed by the practitioner.
8 - National State Auditors Association	We don’t believe any additional language is needed in the practitioner’s selected procedures report beyond that currently required in the proposed standard.
10 – RSM US LLP	If general-use selected procedures reports are permitted, we agree that additional language should be included in the practitioner’s

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	selected procedures report, such as disclosure of the party or parties who determined the procedures to be performed by the practitioner.
11 – State of Michigan Office of Commission Audits	We believe that if general-use selected procedure reports are permitted, additional language should be included in the practitioner’s selected procedures report to disclose the party or parties that determined the procedures to be performed. The additional language would help provide necessary background for a user of the report that may not have been involved in selecting the subject matter or procedures for the report and help the user to understand the purpose of the report.
12 - Hunter College Graduate Program – Advanced Auditing class	General use implies that reports are not restricted or tailored to specific parties. If permitted it should be explicitly stated which party selected the procedure, what the purpose of the procedure is in relation to the overall audit, and who, if anyone, takes responsibility for it.
13 - Piercy Bowler Taylor & Kern	We are in favor of requiring disclosure of the party or parties that determined the procedures performed by the practitioner, but as set forth in our response to Specific Request for Comment 2A, above, we are opposed to permitting selected procedures reports for general use.
15 - KPMG LLP	Regardless of whether general or restricted-use, naming the parties to the engagement in the report would be a further enhancement.
16 – Ernst & Young LLP	As indicated in our response to question 1C, we believe the practitioner’s report should include a statement identifying the party who has determined that the selected procedures are appropriate for the intended purpose of the engagement. As indicated in our response to question 2A, if no party determines that the selected procedures are appropriate for the intended purpose of the engagement then the practitioner should restrict the use of the report.
17 - Moss Adams LLP	As described in our response to 2A, we do not believe that general-use reports for selected procedures engagements should be permitted. As described in our response to 1C, we believe that disclosure of the party or parties that determined the procedures to be performed by the practitioner be included in all reports.
21 - U.S. Government Accountability Office	For a general-use selected procedures report, additional language may be necessary such as limitations as noted in response 1D above, but we do not believe that the disclosure of the party or parties that determine the procedures to be performed by the practitioner should be required.
22 - Professional Standards Committee of the Texas Society of CPAs	If general-use selected procedures reports are permitted, additional language should be included that would limit the legal liability of the auditor in circumstances where no one accepts responsibility for the sufficiency of procedures.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	Yes. All selected procedures reports should include additional language disclosing a party or parties that determined the procedures to be performed by the practitioner.
25 – Deloitte & Touche LLP	We believe it is irrelevant who developed the procedures if the engaging party takes responsibility for the sufficiency of the selected

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	procedures and the practitioner’s report includes such a statement. Further, as discussed in our overriding observations about Independence, including maintaining independence in fact and appearance, we do not believe it is appropriate to disclose in the selected procedures report that the practitioner developed the procedures. Doing so could imply the practitioner is taking responsibility for the sufficiency of the selected procedures.
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	If general-use selected procedures reports are permitted, the committee believes that the report should include the objective of the procedures, who designed them, who is responsible for the sufficiency of the procedures if anyone, and a disclaimer that the procedures may not be sufficient to meet the users’ needs.
27 – Beth A. Schneider, CPA	Any statement disclosing who determined the procedures to be performed may be inferred as a statement of responsibility for the sufficiency of the procedures. Accordingly, an affirmative statement of who is responsible for the subject matter should be included in the report, when appropriate. However, the nature of certain subject matters (for example, engagements involving balloting, awards, and lottery situations), it might not be expected that there is a responsible party. A statement that no one is responsible for the subject matter when a responsible party would otherwise be expected will not add much credibility to the engagement.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Issue 3—Requesting or Obtaining an Assertion from a Responsible Party

Specific Request for Comment 3A

Do you agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement?

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree there should not be a requirement for the responsible party in a selected procedures engagement to provide written representation to the practitioner as this is more appropriately applicable for the engaging party to provide.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee agrees that the practitioner should not be required to request or obtain a written assertion, unless such an assertion is critical for the performance of the engagement. If there is no such stated assertion, based on the nature of the engagement, this may be because any relevant assertion(s) may not be known or contemplated until the engagement is completed.
4 - AICPA PCPS Technical Issues Committee	TIC agrees that a written assertion should not be required as noted earlier in this letter.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes that since no responsibility is taken by any parties, it would not benefit the practitioner to obtain a written assertion. The expanded service should clearly define assertions from a responsible party are not required but written representations are required to be obtained by the practitioner from the engaging party. Examples of representations should be included within the standards.
6 - Michigan Office of Auditor General	Given that the nature of the engagement is to perform selected procedures, we see no reason why a practitioner should be required to request or obtain a written assertion.
7 - National Association of State Boards of Accountancy	We acknowledge that there are situations where a written assertion from the responsible party may not be appropriate or possible. Therefore the practitioner should not be required to obtain a written assertion from the responsible party. However, we recommend providing application guidance for the practitioner to determine when it might be appropriate for the responsible party to provide a written assertion in a selected procedures engagement.
8 - National State Auditors Association	To accomplish the flexibility the proposed standard attempts to establish, we agree that the practitioner should not be required to request or obtain written assertions from the responsible party. In the government sector, sometimes the responsible party is not willing or able to make assertions. If the practitioner can determine the selected procedures and report findings without client-imposed restrictions, the practitioner can successfully meet the engagement objectives, and the engaging parties and users can obtain the information requested.
10 – RSM US LLP	We agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement, given that the engagement is limited to reporting procedures and findings - not a conclusion about or opinion

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	on the subject matter.
11 – State of Michigan Office of Commission Audits	We agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement.
12 - Hunter College Graduate Program – Advanced Auditing class	<p>We do agree that the practitioner should not be required to request or obtain a written assertion from a responsible party in a selected procedures engagement. Again, as we stated in paragraph (1C), this is one of the three issues that gave rise to this proposed standard.</p> <p>The guidance for all Agreed- Upon Procedures Engagements (AT-C Section 215, par. 15) states that the practitioner should request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria.</p> <p>This is one of the criteria that distinguishes the Selected Procedures Engagement from the Agreed-Upon Procedures Engagement.</p>
13 - Piercy Bowler Taylor & Kern	<p>We believe that if the application of selected procedures is not intended to lend credibility to an assertion of the engaging party, or if the assertion is not the responsibility of the engaging party, the engagement is not, and should not be characterized as, an attest service but rather should be conducted under the extant consulting standards, and accordingly, a written assertion should not be required. On the other hand, if the procedures are applied for the purpose of lending credibility to an assertion of the engaging party, it is an attest service, and should be conducted as, and subject to all the constraints of, an agreed-upon procedures engagement. In such cases, we believe the reporting practitioner should be required to obtain a written assertion.</p> <p>The Proposal suggests (inappropriately in our opinion) on p. 4 of the explanatory memorandum therein that in a selected procedures attest engagement, “the appropriate party may not have the ability or may not otherwise be willing to perform its own measurement or evaluation of the subject matter,” but it does not suggest, as we believe it should, that such a circumstance would likely constitute a scope limitation with reporting consequences, or that the reporting practitioner’s assumption of such responsibility would likely constitute an independence impairment that would require nonacceptance of, or withdrawal from, the engagement unless it were to be conducted as a consulting service,</p>
15 - KPMG LLP	As acknowledged in the Exposure Draft, the ASB is considering whether to amend AT-C section 215 to eliminate the requirement of requesting a written assertion from the responsible party. In applying AT-C section 215, we have realized that it is often unnecessary to request or obtain an assertion. The responsible party may not be in a position to provide an assertion about the measurement or evaluation of the subject matter against the criteria, and the value of this type of engagement is tied to the reporting of the procedures and findings, not the assertion (or lack thereof) from the responsible party. Consequently, we do not object to the Committee’s proposal that the practitioner not be required to request or obtain a written assertion from the party responsible for the subject matter, irrespective of whether that party is willing or able to provide it.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
16 – Ernst & Young LLP	<p>We recommend that, to protect users of reports about “sensitive” subject matters (i.e., subjects addressed in the AT-C 300 series, internal controls, cybersecurity risk management programs and information related to the sale of securities^{fn2}), the final standard should allow the practitioner to issue the report for general use only if the practitioner obtains a representation from the party responsible for the subject matter that the subject matter is in accordance with the criteria and the party has a reasonable basis to make that statement. We believe this representation is necessary because users of the selected procedures report would presume that a party, other than the practitioner, has assessed whether the subject matter is in accordance with the criteria (e.g., compliance with laws or regulations). We also believe that, if the party responsible for the subject matter refuses to provide this representation, the practitioner should be required to restrict the use of the report and disclose in the report the responsible party’s refusal to provide the representation.</p> <p>For all other subject matters, we believe the engaging party should provide a representation that it has disclosed to the practitioner any reservations about whether the subject matter is in accordance with the criteria, in all material respects. If the engaging party refuses to provide this representation, we believe the practitioner should consider restricting the use of the report and/or disclosing in the report the engaging party’s refusal to provide the representation.</p> <p>Fn2 Examples may include an engagement to perform selected procedures similar to Statement of Position 17-1 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 securities, or an engagement to perform selected procedures in connection with the sale of equity securities.</p>
17 - Moss Adams LLP	<p>We agree there are certain circumstances, such as those outlined in the proposed standard, in which the party responsible for the subject matter would not be required to provide a written assertion. However, we believe that obtaining a written representation from the responsible party should be presumptively mandatory. We recommend amending the language in paragraph 47 of the proposed standard as follows:</p> <p style="padding-left: 40px;">If the engaging party is not responsible for the subject matter of the engagement, the practitioner should also consider requesting the representations set forth in paragraph 46 from the party that is responsible for the subject matter of the engagement.</p> <p>In those circumstances where it is not feasible to obtain a written representation from the responsible party, we believe a statement to that effect should be included in the report. We recommend amending paragraph 53 of the proposed standard to include “an identification of the party who takes responsibility for the subject matter or a statement that neither the practitioner nor the engaging party takes such responsibility”.</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
18 - PricewaterhouseCoopers LLP	<p>Previous ASB deliberations have highlighted circumstances in which the responsible party is 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> <p>An assertion is defined in the attestation standards as “any declaration or set of declarations about whether the subject matter is in accordance with (or based on) the criteria.” The pre-clarity attestation standards did not require a written assertion; the assertion was generally considered as implicit in describing the character of the engagement or in the detailed procedures. We also note the following:</p> <ul style="list-style-type: none"> • Paragraph 15 of AT-C section 215 requires the practitioner to request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria. If the engaging party is not the responsible party, and a written assertion cannot be obtained, the agreed-upon terms of engagement must make clear no assertion will be provided to the practitioner. • Application material in AT-C section 215 acknowledges that, even when the responsible party contends they are not in a position to provide a written assertion, this does not diminish their responsibility for the subject matter as a whole. Further, paragraph .A12 of AT-C section 215 appears to suggest that the written representation from the responsible party is equivalent to a written assertion. • Paragraph 36 of AT-C section 215 requires disclosure in the practitioner’s report when the responsible party refuses to provide a written assertion. <p>Our recommendation 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 try to obtain an assertion, but allow for some judgment within the AT-Cs if the practitioner is unable to do so. However, we would support the ARSC and the ASB evaluating whether returning to the model of not obtaining an assertion would alleviate potential concerns in practice. The framework within today’s standards would enable the ARSC and the ASB to revise AT-C section 215 to accommodate circumstances where the practitioner may judge it acceptable to</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>undertake an engagement without an assertion from management.</p> <p>AT-C section 215 could provide additional guidance focusing on obtaining the evidence needed to arrive at the practitioner’s findings as discussed in AT-C section 105.25, and considering the implications of not obtaining an assertion, including the implications on the practitioner’s report (if any). This determination would likely take into account the nature and subject matter of the engagement, as well as consideration of whether the client wants to distribute the report more broadly. The ARSC and the ASB could develop additional guidance to explain factors that might influence the practitioner’s decision to accept an engagement when an assertion cannot be obtained. 6 of 10</p> <p>If the ARSC and the ASB decide to move forward with a separate standard that would not require the practitioner to request an assertion, we believe it may be helpful to include guidance in the proposed SSAE for practitioners to consider whether, in light of the subject matter and the general use report, a selected procedures engagement would be the appropriate service or whether another service (e.g., an AUP or consulting engagement) would be preferable.</p>
19 - Grant Thornton LLP	We support the determination that a written assertion is not required for a selected procedures engagement. We also support the elimination of this requirement from an AUP engagement.
21 - U.S. Government Accountability Office	We agree that a practitioner should not be required to request or obtain a written assertion from the responsible party in all selected procedures engagements. In certain circumstances, it may not be practical to require that a written assertion be requested such as when the engaging party is not the responsible party and the practitioner may not reasonably believe that the responsible party would be able to produce a written assertion. In such a circumstance, the responsible party may not have performed its own measurement or evaluation of the subject matter of the engagement against the criteria and therefore may be unable to provide an assertion.
22 - Professional Standards Committee of the Texas Society of CPAs	This is a substantial departure from previous guidance that requires specific wording about engagement responsibilities. It is always a good idea to obtain a written assertion from the client for a selected procedures engagement, even if not required. The concern with not requiring a written assertion is that it provides an opening for perceived responsibility on the part of the CPA. It would be helpful to see examples of selected procedure engagement letters that do not contain assertions on the part of management.
23 – BDO USA, LLP	...not requiring a written assertion by a specified party or disclosure that such an assertion was not obtained, further adds to the possible misunderstanding that the practitioner is taking responsibility for the sufficiency of the selected procedures for the purposes any user might require.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	Yes.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
25 – Deloitte & Touche LLP	We agree that the practitioner should not be required to obtain a written assertion from the responsible party; however, we recommend providing application guidance for the practitioner to consider when it might be appropriate for the responsible party to provide a written assertion in a selected procedures engagement. For example, it may be appropriate for the practitioner to request a written assertion from the responsible party when the responsible party is in the position to, or has performed its own measurement or evaluation of the subject matter (refer also to our editorial recommendation in Appendix B relating to paragraph 2a).
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	Yes.
27 – Beth A. Schneider, CPA	While I don't object to the practitioner not being required to request or obtain a written assertion in a selected procedures engagement, I believe that the engaging party, particularly if such party is responsible for the subject matter, should be able to provide certain representations to the practitioner. Accordingly, if the engaging party should be in the position to be responsible for the subject matter, a selected procedures engagement should not be used as the excuse to circumvent accepting such responsibility.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 3B

In addition to those representations required by the proposed standard and in the absence of requiring that the responsible party provide a written assertion, are there any other written representations that the practitioner should be required to request in a selected procedures engagement? If so, please provide specific representations that the practitioner should be required to request.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree there should not be a requirement for the responsible party in a selected procedures engagement to provide written representation to the practitioner as this is more appropriately applicable for the engaging party to provide.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee believes that the need for specific representations should depend on the nature of the individual engagement. However, the Committee agrees that the practitioner should have the stated flexibility regarding this matter.
4 - AICPA PCPS Technical Issues Committee	TIC agrees that the representations required by the proposed standard are appropriate and does not have any additional suggestions.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes no additional representations would be required.
6 - Michigan Office of Auditor General	No. We have no additional suggested representations.
7 - National Association of State Boards of Accountancy	We believe that the representations in the proposed standard are adequate.
8 - National State Auditors Association	We agree with the representations noted in the proposed standard, and do not have any additional ones to add.
10 – RSM US LLP	We do not believe there are any other written representations the practitioner should be required to request in a selected procedures engagement in addition to those representations required by the proposed standard.
11 – State of Michigan Office of Commission Audits	The written representations required by the proposed standard as outlined in paragraphs 46 through 48 appear sufficient.
13 - Piercy Bowler Taylor & Kern	It is difficult to imagine what representations (whether set forth in paragraph 46 or not) would have any significance in the absence of a written assertion or an acknowledgment of responsibility for selecting the procedures performed. Moreover, we believe the would-be mandatory representations listed in paragraph 46 are unwieldy and difficult to understand, impractical, unlikely to apply in many circumstances and of little or no value given their inherent unreliability and the absence of any assurance to be provided by the reporting CPA.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
16 – Ernst & Young LLP	<p>We agree with the representations the proposed standard would require. However, we recommend that the following representations also be required:</p> <ul style="list-style-type: none"> ▶ When applicable, a representation that the engaging party has taken responsibility that the selected procedures are appropriate for the intended purpose of the engagement (see our response to question 1C) ▶ A representation that the engaging party has disclosed to the practitioner any reservations about whether the subject matter is in accordance with the criteria, in all material respects (see our response to question 3A) ▶ A representation from the party responsible for the subject matter when the subject matter is a “sensitive” subject matter (i.e., those subject matters within the AT-C 300 series, internal controls, cybersecurity risk management programs and information related to the sale of securities) that the subject matter is in accordance with the criteria and the party has a reasonable basis to make that statement (see our response to question 3A) ▶ A representation that the engaging party is not aware of any instances of alleged fraud or noncompliance with laws; such a representation is important because the practitioner’s report could be a general-use report ▶ A representation acknowledging materiality thresholds used in the reporting of findings if the materiality thresholds are not included in the signed engagement agreement or have been modified subsequent to the signed engagement agreement
17 - Moss Adams LLP	With the exception of the matter discussed in 3A, we believe that the proposed standard addresses the representations that the practitioner should be required to request in a selected procedures engagement.
21 - U.S. Government Accountability Office	We did not identify any additional written representations that the practitioner should be required to request.
22 - Professional Standards Committee of the Texas Society of CPAs	The management representation letter currently required by the standards includes the necessary assertions. Additional representations would be determined by the selected procedures of the engagement.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	Yes. The practitioner should request a representation confirming that the responsible party or engaging party determined the procedures to be performed by the practitioner to be sufficient.
25 – Deloitte & Touche LLP	We believe that the following additional representations should be requested and that paragraph 46 be amended accordingly:

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> • State that the engaging party is responsible for the sufficiency of the selected procedures and for determining that the selected procedures meet the intended purpose of the engagement. • State the established materiality limits, when applicable. • State that the engaging party has disclosed to the practitioner its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the entity and the subject matter (this representation is consistent with responsibilities of the engaging party included in paragraph 30c of the proposed SSAE).
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	The committee believes that the client should represent the intended purpose of the engagement to the practitioner, acknowledge awareness of the procedures performed, and all matters included in para. 30c. Para. 46e. should be expanded to include misstatements in the underlying records relevant to the subject matter, where applicable (based on para. 34, which allows the practitioner to accept records and documents as genuine).
27 – Beth A. Schneider, CPA	If the responsible party is unable to accept responsibility for the subject matter, the practitioner should still be required to obtain representations from such party that the party is not aware of any matters affecting the subject matter.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Issue 4—The Proposed Standard Versus an Agreed-Upon Procedures Engagement

Specific Request for Comment 4A

Do you agree that the proposed standard should be market driven, or are there instances in which a practitioner should be precluded from performing a selected procedures engagement? If there are instances in which the practitioner should be precluded from performing a selected procedures engagement, please provide specific instances and the reasons why.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We agree the proposed standard should be market driven, allowing the practitioner to apply professional judgment in determining when the performance of a selected procedures engagement would be appropriate. Keeping this open to auditor judgement is in alignment with providing practitioners flexibility in performing and reporting outside of what is currently included in AT-C section 215.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee agrees that the proposed standard should be market driven, with the practitioner's judgment controlling the circumstances under which this type of engagement should be accepted.
4 - AICPA PCPS Technical Issues Committee	TIC does not believe that there are instances where a practitioner should be precluded from performing a selected procedures engagement (other than the preconditions described in paragraphs 26 to 29 of the ED). Since this engagement would be performed under the SSAEs, the practitioner already would have to be independent and follow all applicable ethics rules and interpretations and TIC believes that is sufficient.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes there could be some confusion as to when to apply the AT-C 216 - Agreed Upon Procedures Engagements, the Statement on Standards for Consulting Services, and the new expanded service. The Group believes the inclusion of a decision tree would be helpful to practitioners to determine the appropriate level of service.
6 - Michigan Office of Auditor General	We agree that these engagements should be market driven. The only preclusion to performing these types of engagements would be if law or regulation required a different type of engagement such as an audit.
7 - National Association of State Boards of Accountancy	A practitioner should be precluded from performing a selected procedures engagement when there is a lack of independence, unless required by law or regulation without regard to independence. We also have concerns where general use reports would be used to cover internal controls over financial reporting or compliance with laws and regulations. Also, as noted above, we do not believe a selected procedures engagement should be performed in situations where no party is responsible for the sufficiency of the procedures.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
8 - National State Auditors Association	We are not aware of any instances when a practitioner should be precluded from performing a selected procedures engagement.
10 – RSM US LLP	We agree that performance of a selected procedures engagement (as opposed to an agreed-upon procedures engagement) generally should be market driven. However, we believe a practitioner should be precluded from performing a selected procedures engagement if the practitioner believes the report would be misleading for general use. This can happen, for example, when the subject matter omits relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter. For instance, if a client engaged a practitioner to provide a selected procedures engagement related to compliance with only three loan covenants related to a loan with a financial institution and the loan had several more covenants that were not mentioned in the report, a general user without access to the loan agreements may be misled to believe the report was intended to provide procedures related to compliance with all covenants of the loan. In such a situation, adding a statement that no procedures were performed related to other covenants of the loan may be sufficient to alert users to the limitations of the report, but absent such further disclosure, the engagement may not be appropriate.
11 – State of Michigan Office of Commission Audits	We agree that the proposed standard should be market driven. If the engaging party is unable or unwilling to determine the procedures to be performed or does not want to take responsibility for sufficiency of the procedures, a practitioner should not be precluded from performing a selected procedures engagement.
12 - Hunter College Graduate Program – Advanced Auditing class	We believe that the proposed standard should be market driven, each case should be analyzed carefully whether assurance is needed, or responsibility cannot be claimed by no parties. There might be instances where the practitioner may be precluded from performing selected procedures engagements. For example, in instances when the practitioner’s independence is impaired, or when the engaging parties demand some level of assurance.
13 - Piercy Bowler Taylor & Kern	As we have stated in the second paragraph of this letter and in our response to Specific Request for Comment 4B, below, we do not believe CPAs should ever be permitted to conduct a selected procedures engagement as described in the Proposal, but rather, in circumstances when one might be either requested or contemplated, its should be accepted only as an agreed-upon procedures or consulting engagement (see Specific Requests for Comment 1A, 1B 3A).
15 - KPMG LLP	As the Proposed Standard and AT-C section 215 are substantially the same, having two separate standards that are very similar will cause unnecessary confusion and inefficiencies for a practitioner or other parties evaluating which standard covers the engagement without more definitive guidance about which standard is applicable. We believe amending AT-C section 215 is more prudent, with some decision points for a practitioner to determine whether the practitioner’s report may be general-use based on the facts and circumstances of the engagement. For the Committee’s benefit, in Appendix C, we provide a decision tree that we believe should be included in the Proposed Standard to help practitioners determine the appropriate type of reporting (e.g. restricted-use or general-use).
16 – Ernst & Young LLP	We agree that the proposed standard should provide flexibility for practitioners to meet a company’s need while serving the public’s interest. Therefore, we believe the market-driven approach is appropriate as long as the standard provides sufficient guidance to safeguard

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	users. However, as discussed in our response to question 3A, we believe that certain additional representations should be requested for certain sensitive subject matters.
17 - Moss Adams LLP	As discussed in our response to 1C, we are troubled that the decision to perform an agreed-upon procedures engagement versus a selected procedures engagement would be marketplace driven, without restriction or guidance on when one type of engagement would be expected rather than another. Situations in which the practitioner should be precluded from performing a selected procedures engagement include 1) the procedures to be performed are contractually defined between two or more parties, and 2) the procedures are identified by, and with the explicit purpose to satisfy, a regulatory or oversight body.
18 - PricewaterhouseCoopers LLP	<p>We note many of the possible subject matters of a selected procedures engagement guidance referred to in paragraph A1 could equally be matters for which an AUP engagement may be appropriate. In our experience, all of the subject matters illustrated in the exhibit to the proposed SSAE are performed as AUP engagements today. It is therefore difficult to attempt to draw a line in the new selected procedures engagement as to which subject matters would be precluded, if any, and which standard is most appropriate for what engagement, in particular in light of the removal of the requirement to restrict the use of the practitioner’s report. This flexibility raises a concern that, in absence of a requirement for an AUP engagement to be performed, clients will seek to move towards selected procedures engagements for ease.</p> <p>Our recommendation</p> <p>We believe firms would need to carefully consider which service would be appropriate in the circumstances if AT-C section 215 and a separate new SSAE both existed. Such consideration would likely depend on the subject matter, the nature of the procedures that are expected to be performed, existing guidance in relation to the subject matter, and the risks of providing such a service, including how users may perceive the practitioner’s report. For example, failure to obtain an assertion in relation to some subject matters (e.g., internal control, compliance) might cause the practitioner to determine a general-use report would not be appropriate or, at the extreme, that a selected procedures engagement should not be accepted.</p> <p>For this reason, we believe it is preferable to revise AT-C section 215 to set out guidance for practitioners as to how to overcome potential challenges in an AUP engagement and make judgments about the implications of not obtaining an assertion, including considering the potential impact on the report. If the ARSC and the ASB decide to move forward with a separate standard, we therefore believe additional guidance will be needed to explain that the practitioner can choose to restrict the selected procedures report and provide examples of when the practitioner may determine this to be necessary (e.g., based on the subject matter of the</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	engagement and the nature of procedures performed).
21 - U.S. Government Accountability Office	If a practitioner can, in his or her professional judgement, remain independent, the practitioner should not be precluded from performing a selected procedures engagement. If selected procedures engagements are allowed, we believe that the guidance for independence should be modified to cover selected procedures engagements, similar to the guidance for agreed-upon procedures engagements. Also, see our response to 1A above.
22 - Professional Standards Committee of the Texas Society of CPAs	The proposed standard should be market driven, if adopted at all. Selected procedure engagements are for specific users and should not be performed for general use. The proposed standard should only apply when no party is accepting responsibility for determining the sufficiency and adequacy of the procedures.
24 - Audit and Assurance Services Committee of the Illinois CPA Society	The practitioner should be precluded from taking on selected procedures engagements where neither the engaging party nor the specified parties take responsibility for sufficiency of procedures (see the Committee’s response to Comment 1C).
25 – Deloitte & Touche LLP	<p>D&T believes that it is necessary to provide a framework in the proposed SSAE for the practitioner to use to assist with the determination of the appropriate attest service to perform (for example, agreed-upon procedures engagement versus a selected procedures engagement). We also believe that examples should be provided that demonstrate how such framework might be applied and when it might be more appropriate to select one type of engagement over another. We believe that if the proposed SSAE is finalized as drafted, there is a risk that engaging parties may request the performance of a selected procedures engagement so as to avoid having to take responsibility for the sufficiency of the procedures, even if they are in a position to do so (an outcome which we believe would be inappropriate and not in the public interest).</p> <p>Therefore, we also believe it is important to describe situations in which a practitioner should be precluded from performing a selected procedures engagement. In those situations where the attestation standards do not allow for performance of an agreed-upon procedures engagement, a selected procedures engagement should also not be allowed. For example, as stated in paragraph .38 of AT-C section 305, <i>Prospective Financial Information</i>, an agreed-upon procedures engagement should not be performed on a forecast or projection unless the prospective financial information includes a summary of significant assumptions. Likewise, neither should a selected procedures engagement be performed unless the same precondition is satisfied.</p> <p>We also believe it is important to describe situations when it may be inappropriate for an engaging party not to take responsibility for the subject matter.</p>
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute	The committee is concerned that third parties (e.g., lending institution, oversight agencies) may request or require procedures to support their own analysis of the client’s solvency. This would not be in the public interest or in the interest of practitioners, and

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
of CPAs	should be explicitly prohibited. For example, one regulator in Pennsylvania required practitioners to perform certain procedures to support the not-for-profit entity’s solvency. An appeal to the regulatory body successfully led to the revision of the procedures and the objective. It is not clear whether these currently prohibited engagements would continue to be prohibited under this new engagement. The proposed guidance in para. 15 indicates the following: “If the practitioner is required by law or regulation to use a specific layout, form, or wording of the practitioner’s report and the prescribed form of the report is not acceptable or would cause a practitioner to make a statement that the practitioner has no basis to make...” Additional guidance should be included here to explain the basis upon which to assess whether the layout, form, or wording of the practitioner’s report and the prescribed form of the report is not acceptable or a statement has no basis. This guidance should include an explicit prohibition on providing solvency opinions.
27 – Beth A. Schneider, CPA	As discussed above, I do not agree with a market-driven approach to the use of the proposed standard. As discussed in Comment 1A, there needs to be appropriate caveats as to when such standard may be used. The statement in paragraph A3 that a selected procedures engagement and an AUP engagement can be performed on the same subject matter begs the question as to why that should be possible and under what circumstances.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Specific Request for Comment 4B

Do you believe the proposed standard should be included in the professional literature (a) as revisions to AT-C section 215 (resulting in the agreed-upon procedures and selected procedures requirements and guidance being codified together) or (b) as a stand-alone AT-C section (for example, AT-C section 220)? Please provide reasoning for your preference.

Commenter	Specific Response
2 - Commonwealth of Virginia Auditor of Public Accounts	We believe the proposed standard should be a stand-alone AT-C section to avoid confusion with what is required based on engagement type. While we understand some portions of the standards may be duplicative, we believe there are enough distinctions to warrant it being a stand-alone AT-C section.
3 - Florida Institute of CPAs' Accounting Principles and Auditing Standards Committee	The Committee believes that the type of engagement covered in this proposed standard is a new and separate service. As such, the applicable authoritative literature should be in its own stand-alone pronouncement and not be presented as a revision to the agreed-upon procedures standards.
4 - AICPA PCPS Technical Issues Committee	TIC believes the proposed standard should not be codified in AT-C section 215 in order to avoid any confusion between selected procedures and agreed upon procedures engagements. Creating a separate AT-C section for selected procedures engagements will make it easier for practitioners to apply the standard and make it clear that this standard does not change AUP engagements.
5 - New Jersey Society of CPAs' Accounting and Auditing Interest Group	The Group believes the standard should be issued as a stand-alone to avoid confusion with the other standards.
6 - Michigan Office of Auditor General	We urge the committee to establish a stand-alone AT-C section for selected procedures. Given the differences in the responsibilities of both the engaging party and the practitioner in a selected procedures engagement compared to other attestation engagements, a different AT-C section should be established to avoid any potential confusion between the differing types of attestation engagements. This treatment would be consistent with the existing practice of establishing separate AT-C sections for examination engagements (205), review engagements (210), and agreed-upon procedures engagements (215).
7 - National Association of State Boards of Accountancy	We believe that the proposed standard should be included in the professional literature as a revision to AT-C section 215 as this approach has the following benefits: <ul style="list-style-type: none"> • Understandability for CPAs, as: <ul style="list-style-type: none"> o They only have to reference one standard instead of two.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<ul style="list-style-type: none"> o The optional provisions, and the ramifications of each option, can be highlighted within one standard. Two separate standards that contain these differences, and the ramifications of each, make the differences less readily apparent, as they require CPAs to compare the two standards side-by-side. An analogy may be drawn to AU-C 600, in which an auditor can readily see the differences in procedures that apply depending on whether he or she is making reference to the work of component auditors. • If changes are made to the standard in the future, they only need to be made to one standard, rather than having to remember to make the changes to two standards (or, even worse, forgetting to do so in one or the other). • The standard-setting boards can avoid unnecessary differences between the two standards that can result from the fact that they are drafted/revised at different times, by boards composed of different people (e.g., non-substantive report wording differences) in order for there not to be any confusion between these types of engagements.
8 - National State Auditors Association	We believe the proposed standard should be a stand-alone AT-C section to avoid confusion with what is required based on engagement type. While we understand some portions of the standards may be duplicative, we believe there are enough distinctions to warrant it being a stand-alone AT-C section.
10 – RSM US LLP	We believe the requirements of the proposed standard for selected procedures engagements should be codified together with those for agreed-upon procedures engagements in AT-C section 215. We believe adding a new standard providing guidance regarding a separate type of engagement would cause undue confusion for practitioners and users about (a) which type of service to select and (b) the differences in the reports to be issued under each standard.
11 – State of Michigan Office of Commission Audits	We believe that the proposed standard should be included in the professional literature as a revision to AT-C section 215. Given that there are many similarities between agreed-upon procedures and selected procedures, a combined section could clearly outline the differences between the two, and highlight when each situation may be used. It would be useful to a practitioner who may have the intention of performing agreed-upon procedures, but upon referencing AT-C section 215, finds that selected procedures might be more appropriate.
12 - Hunter College Graduate Program – Advanced Auditing class	We believe that this proposed standard should be as a stand-alone AT-C section in the professional literature to avoid confusion. For many users the language used in this standard may look like that used in the agreed-upon procedures and resulting in huge mistakes. To avoid that it should be separate sections and appropriate use of bold headings to guide the users to the right paragraphs.
13 - Piercy Bowler Taylor & Kern	For reasons set forth throughout this letter, and primarily because of the lack of any apparent evidence of significant market demand

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>or any potential benefit in terms of public service, and the considerable exposure to liability to practitioners who would provide such services, we are generally opposed to the Proposal in its entirety and request that it be withdrawn and the project be abandoned.</p>
16 – Ernst & Young LLP	<p>We recommend that, consistent with the exposure draft, the proposed standard be included in the professional literature as a standalone AT-C section to avoid confusing practitioners and users about the provisions of AT-C section 215. Making significant changes to an attestation standard that was just effective earlier this year would not seem appropriate, and we recommend that the AICPA conduct a post-implementation review before considering any changes to AT-C section 215.</p> <p>Additionally, if the AUP standard were modified to incorporate the selected procedures concepts, we believe the meaning of an AUP may change, which could be contrary to the intent of many established contracts and regulations that require an attestation engagement performed in accordance with AT-C section 215. For example, if the requirement for the responsible party having a reasonable basis for measuring or evaluating the subject matter is removed, users may incorrectly assume that the responsible party made an evaluation of the subject matter (e.g., whether the company evaluated compliance with specified requirements itself) when in fact it did not.</p> <p>Moreover, including the requirements for a selected procedures engagement in AT-C section 215 would make the proposed service less visible than if it were established in a standalone standard, and the AICPA would miss an opportunity to call attention to the benefits to companies of using these reports. For these reasons and others, we don't support revising AT-C section 215 to incorporate the requirements of the proposed service.</p>
17 - Moss Adams LLP	<p>We can identify both positive and negative aspects to codifying the proposed standard within AT-C 215 and as a separate AT-C section. Codifying the requirements together would potentially make it easier for the practitioner to compare and contrast the two types of engagements. However, this also increases the risk of the practitioner to conflate the two types of engagements, resulting in the inappropriate application in practice of the requirement for a chosen engagement type. Codifying the selected procedures standard as a stand-alone AT-C section would help the practitioner clearly distinguish the requirements for each of these types of engagements. This comes at the risk of repetition in the standards as many of the provisions are consistent with AT-C 215, contrary to the benefits achieved in the recent clarification and re-codification of the attestation standards. The differences between selected procedures engagement guidance and agreed-upon procedures engagement guidance would also not be as noticeable.</p> <p>The disposition of this question should largely depend on the content of the final selected procedures engagements requirements. If the final requirements are significantly different from an agreed-upon procedures engagement, such as how the proposed standard is currently written, we support codifying it as a stand-alone AT-C section. This will help distinguish the requirements for each engagement type and prevent conflation of the two standards. If the final selected procedures engagements requirements are</p>

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
	<p>marginally different from an agreed-upon procedures engagement, such as if the ability for no party to take responsibility for the sufficiency of procedures and ability to issue a general-use report are eliminated from the proposed standard, we support incorporating them as a revision to AT-C 215.</p> <p>A third alternative to consider is codifying the provisions that are consistent between the two standards in one section and codify the differing provisions for each standard separately. This may achieve the best of both options, allowing for better differentiation of the two engagement types while minimizing repetition in the attestation standards.</p>
19 – Grant Thornton LLP	<p>We support merging the proposed selected procedures standard with the existing AUP standard, and providing context and application guidance to allow practitioners to determine the appropriate form of engagement for the circumstances. We ask the Committee to strongly consider whether re-exposure is necessary to allow commenters to see the proposed changes to the Common Concepts section and the current requirements in AT-C 215.</p> <p>A separate standard may indeed provide certain advantages, as it may cause less confusion for a practitioner in selecting between a selected procedures engagement and an AUP engagement. We believe, however, that there is significant overlap between the common concepts and performance and reporting requirements to support amending the clarified AT-Cs to integrate the selected procedures engagement requirements. This integration would also minimize the potential for confusion with state boards and other professional organizations.</p> <p>We are concerned, however, that integrating the option to perform a selected procedures engagement within AT-C 215 may result in questions or concerns from regulators where an AUP is required or accepted to meet a requirement, for example, an AUP engagement for broker-dealers required by the Securities Investor Protection Corporation. We strongly encourage the AICPA and its boards to communicate directly with regulators that currently require or accept AUP engagements to obtain their feedback on whether the potential changes are also be acceptable for their purposes.</p>
21 - U.S. Government Accountability Office	We believe that the proposed standard should be included as part of AT-C section 215. The integration of the selected procedures requirements and guidance should be clear and concise to identify the differences between agreed-upon procedures and selected procedures.
22 - Professional Standards Committee of the Texas Society of CPAs	This is a fundamental departure from previous guidance. So if adopted, the proposed standard should be a stand-alone section.

Summary of Comment Letters – Selected Procedures ED
ARSC Meeting, January 9-11, 2018

Commenter	Specific Response
24 - Audit and Assurance Services Committee of the Illinois CPA Society	The need for the Selected Procedures engagements seems to be limited to specific situations. However, for efficiency reasons, revisions to AT-C section 215 would be preferred to give the practitioner a single-source for guidance when deciding between an AUP or Selected Procedures engagement. The Committee is concerned that practitioners may have difficulties in deciding when a Selected Procedures engagement would be more appropriate than an AUP engagement. Therefore, to assist the practitioner with deciding between an AUP or Selected Procedures engagement, we recommend the AICPA consider adding a decision tree with key questions the practitioner should ask themselves before making a decision. For example, the decision tree could include the following questions: (1) are the number of potential users so numerous that knowing if the procedures performed are sufficient for the user’s purposes is impossible; (2) does the responsible party have the ability or willingness to provide a written assertion; (3) have the specified parties taken responsibility of the sufficiency of the procedures;3 (4) will the report be restricted or for general use?
25 – Deloitte & Touche LLP	<p>The determination of where to include the proposed SSAE should be in the best interest of stakeholders, and thoughtful consideration should be given to appropriate “placement” of this proposal under the SSAE umbrella.</p> <p>We believe that the proposed SSAE should not be included in AT-C 215, as this could lead to confusion in practice, especially since existing contracts or regulations contemplate the performance of an agreed-upon procedures engagement in accordance with AT-C 215. To avoid confusion, we recommend including the proposed SSAE as a separate, stand-alone AT-C section.</p>
26 - Accounting and Auditing Procedures Committee of the Pennsylvania Institute of CPAs	The committee supports a stand-alone AT-C section for the new selected procedures engagement, as it believes that combining it with AT-C section 215 could result in a lack of clarity.
27 – Beth A. Schneider, CPA	While much of the language of the proposed standard is a direct lift from AT-C section 215 with the elimination of certain requirements and the addition of others, it is more a matter of how to appropriately differentiate between such services not only in the standards but so that the public is not confused between the two services. As currently drafted, I believe that the public will not be aware that a selected procedures engagement is different than an AUP engagement. Accordingly, I believe that the practitioner’s report should include a statement that an AUP engagement was not performed and the key differentiations between the two services.