



Agenda Item 1

Issues Paper: Withdrawal of Selected Procedures Exposure Draft

Objective of Agenda Item

To vote to withdraw the exposure draft of the proposed Statement on Standards for Attestation Engagements, *Selected Procedures*.

Background

In September 2017, the ARSC exposed for public comment *Proposed Statement on Standards for Attestation Engagements, Selected Procedures*, which was developed jointly by the ARSC and the Auditing Standards Board. The exposure draft is available at:

<https://www.aicpa.org/content/dam/aicpa/research/exposuredrafts/accountingandauditing/downloadabledocuments/20170901a-ed-selected-procedures.pdf>.

The proposed SSAE, if issued as a final standard, would have eliminated the requirement for

- the engaging party (and responsible party, where applicable) and users of the practitioner's report to agree to the procedures to be performed and to accept responsibility for the sufficiency of the procedures for their purposes. The proposed SSAE would have enabled the practitioner to determine the procedures to be performed, and no party would have been required to take responsibility for the sufficiency of the procedures. This would have allowed the practitioner to perform the engagement without having to perform a separate consulting services engagement in situations in which the specified parties do not have the ability or willingness to fully develop or determine the procedures.
- the practitioner to either request a written assertion or disclose in the accountant's report when the practitioner has not obtained a written assertion. This is because the appropriate party may not have the ability or willingness to perform its own measurement or evaluation of the subject matter.
- the practitioner to restrict the use of the report. The proposed SSAE would have allowed the report to be used by a wider audience, including parties who are unwilling or unable to agree to the sufficiency of the procedures for their purposes.

As part of the exposure draft, the ARSC asked respondents whether they believe the proposed SSAE should be included in the professional literature as (a) a revision to AT-C section 215 (that is, the requirements and guidance for agreed-upon procedures engagements and selected

procedures engagements would reside in one AT-C section) or (b) as a new stand-alone AT-C section.

Comments were requested by December 1, 2017, and 28 comment letters were received from a variety of interested parties, including large international firms, smaller firms, state societies, and regulators.

The ARSC and ASB met separately in January 2018 to consider the comment letters received. After extensive discussion and input from the Attestation Standards Task Force (a joint task force of the ASB and ARSC),¹ both the ASB and the ARSC determined that AT-C section 215 should be revised to provide increased flexibility for practitioners performing and reporting on an agreed-upon procedures engagement, while retaining the practitioner's ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215.

An exposure draft entitled *Revisions to Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification* was issued in July 2018. Thirty-nine comment letters were received from a variety of interested parties including large international networks/firms, smaller firms, state societies, and regulators. The ARSC considered the comment letters received at its meeting in January 2019 and drafts of the proposed revised standard at its meetings in January, May, and October 2019 and provided feedback to the Task Force.

The ASB considered the proposed revised AT-C section 215, *Agreed -Upon Procedures Engagements* and conforming amendments to AT-C section 105, *Concepts Common to All Attestation Engagements* at its meeting in October 2019. After discussion, the Board voted to issue the proposed standard as a final standard.

SSAE 19, *Agreed-Upon Procedures Engagements* was issued in December 2019 and is available at:

<https://www.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/ssae-19.pdf>

The significant changes to extant AT-C section 215 are as follows:

- An agreed-upon procedures engagement in accordance with extant AT-C section 215 is predicated on the concept that a party other than the practitioner makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. Extant AT-C section 215 further requires, when the responsible party refuses to provide a written assertion, that the practitioner disclose that refusal in the report. The predication and the corresponding reporting requirement are not included in the revised standard.

- Extant AT-C section 215 is based on the procedures being known at the onset of the engagement and that all intended users of the practitioner's agreed-upon procedures report

¹ The Attestation Standards Task Force was co-Chaired by current ARSC Chair Denny Ard and co-staffed by ARSC staff liaison Mike Glynn. ARSC member David Johnson was also a member of the Task Force.

accept responsibility for the sufficiency of the procedures. The revised standard provides flexibility for practitioners performing agreed-upon procedures engagements by not requiring that the procedures be known at the beginning of the engagement. Instead, the procedures may be developed over the course of the engagement, by or with the assistance of, the practitioner.

- Instead of all intended users being required to accept responsibility for the sufficiency of the procedures, the revised standard requires that the engaging party acknowledge that the procedures performed are appropriate for the intended purpose of the engagement prior to the issuance of the report.
- Extant AT-C section 215 requires that all agreed-upon procedures reports be restricted to the use of those parties that accepted responsibility for the sufficiency of the procedures. The revised standard permits general-use reporting.

The revised AT-C section 215 is effective for practitioners' agreed-upon procedures reports dated on or after July 15, 2021. Early implementation is permitted.

Action Requested of the ARSC

As SSAE 19 substantially incorporates most of the flexibility that the ARSC proposed to provide practitioner's in a procedures and findings service, the ARSC is asked to vote to withdraw the exposure draft of the proposed SSAE, *Selected Procedures*.

Agenda Items Presented:

None