

October 8, 2018

AICPA Auditing Standards Board  
Attn: Ms. Sherry Hazel  
Sherry.Hazel@aicpa-cima.org

Re: Revisions to Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification

Dear AICPA:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The PSC has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below to the questions included in the above-referenced exposure draft.

**Proposed Change:**

The proposed standard no longer requires the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter.

**Response:**

This proposal was met with mixed reviews. We believe it would be hard for the auditor to provide assurance when there are no assertions. However, we thought the requirement was intended for engagements where there were no specific assertions. Instead, the engagement was requesting attestation on the subject matter.

**Proposed Change:**

Adds a statement to the practitioner's report regarding independence.

**Response:**

We support the proposed addition of a statement to the practitioner's report regarding independence.

**Proposed Change:**

With respect to paragraph .A81 of proposed AT-C section 205 and paragraph .A68 of proposed AT-C section 210, do the application paragraphs provide sufficient guidance to enable a practitioner to supplement or expand the content of the practitioner's report if the practitioner wishes to do so? If not, what additional guidance is needed?

**Response:**

We have no concerns about the proposed guidance.

**Proposed Change:**

Adds a requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria.

**Response:**

We have no problem with this requirement.

**Proposed Change:**

Requires the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion.

**Response:**

We believe that this has always been a responsibility of the practitioner.

**Proposed Change:**

Acknowledges the practitioner's ability to add information to the practitioner's report that goes beyond the minimum report elements required by AT-C sections 205 and 210.

**Response:**

It is our understanding that the practitioner has always had this option.

**Proposed Change:**

Eliminates the required report modification resulting from the practitioner's inability to obtain one or more requested written representations.

**Response:**

We do not believe that this will enhance the value of an attestation engagement. If the client's representation is not obtained, it puts the practitioner in a position of greater liability. We understand the attempt at convergence of audit standards. However, it is our position that the requirement to obtain management representation should be retained in order to protect the users of the attestation report.

**Proposed Change:**

Are the illustrative reports clear and understandable with respect to the differences between a limited assurance engagement and an examination engagement?

**Response:**

We are concerned about the change from "review engagement" to "limited assurance engagement." While we understand the clarification in the proposed change in terminology, we think that the public and users of the reports may not see the difference between the two engagements. We were hard pressed to imagine what "new business opportunities" might arise from a name change, and can only support the change if there is a clear and concise practical reason. We would like to see additional information in support of this proposal.

**Proposed Change:**

What are the potential benefits or implications of requiring the practitioner to include a description of the procedures performed in a limited assurance engagement?

**Response:**

The main benefit to be obtained by including a description of procedures performed is that there would be a clear understanding of what was done during the engagement. However, readers of the report may second guess the practitioner and question why other steps were not performed. This might lead to increased liability risk. We suggest that the description of procedures should only be included if there was a specific reason for the procedure and not a good idea for general use reports.

**Proposed Change:**

Please provide your views regarding whether an adverse conclusion is appropriate in a limited assurance engagement.

**Response:**

We could not think of a situation where an adverse opinion would be appropriate in a limited assurance engagement.

**Proposed Change:**

Is the proposed expansion of the practitioner's ability to perform procedures and report in a procedures-and-findings format beyond that provided by AT-C section 215 needed and in the public interest?

**Response:**

We think that the proposed changes provide the practitioner and client the option to agree on the procedures to be performed, and report accordingly.

**Proposed Change:**

Do the proposed revisions to AT-C section 215 appropriately address the objective of providing increased flexibility to the practitioner in performing and reporting on an agreed-upon procedures engagement while retaining the practitioner's ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215?

**Response:**

We think that the proposed expansion provides flexibility of reporting formats.

**Proposed Change:**

The proposed SSAE would no longer require the practitioner to restrict the use of all agreed-upon procedures reports to the specified parties that assume responsibility for the sufficiency of the procedures.

**Response:**

We believe that these types of reports should remain restricted.

**Proposed Change:**

Do you agree with the proposed revision to AT-C section 215, whereby no party would be required to accept responsibility for the sufficiency of the procedures and, instead, the practitioner would be required to obtain the engaging party's acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement?

**Response:**

We do not support this proposed revision to AT-C section 215. The concern is that if no party is responsible for sufficiency, then you are auditing and accepting your own work, which could result in an independence issue. If no one is responsible for the sufficiency of the procedures, the courts will ultimately decide what is sufficient.

**Proposed Change:**

Should AT-C section 210 of this proposed SSAE continue to prohibit the practitioner from performing a limited assurance engagement on (a) prospective financial information; (b) internal control; or (c) compliance with requirements of specified laws, regulations, rules, contracts, or grants? Please explain the rationale for your response.

**Response:**

Yes, the SSAE should continue to prohibit a practitioner from performing limited assurance engagements on the specified engagements. We think that these types of engagements are too broad in scope for limited assurance engagements.

**Proposed Change:**

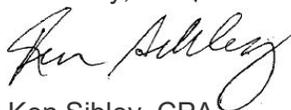
Are respondents supportive of the proposed effective date, specifically the prohibition on early implementation? Please provide reasons for your response.

**Response:**

We are supportive of the proposed effective date and agree with the prohibition on early implementation, which might be confusing for recipients of limited assurance reports. For example: regulatory entities that are users of these types of reports would receive reports for the same period for both the old and proposed standards, making comparability nearly impossible.

We appreciate the opportunity to provide input into the standards-setting process.

Sincerely,



Ken Sibley, CPA  
Chair, Professional Standards Committee  
Texas Society of Certified Public Accountants