



October 11, 2018

AICPA Auditing Standards Board  
Sherry Hazel - [Sherry.Hazel@aicpa-cima.com](mailto:Sherry.Hazel@aicpa-cima.com)

RE: Proposed Statement on Standards for Attestation Engagements No. 18, Attestation Standards:  
Clarification and Recodification

Dear Committee Members:

The Audit and Assurance Services Committee of the Illinois CPA Society is pleased to comment on the proposed Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification dated July 11, 2018. The organizational and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These comments and recommendations represent the position of the Audit and Assurance Services Committee of the Illinois CPA Society (“Committee”) rather than any members of the Committee or of the organizations with which such members are associated.

#### **General Comment**

For requests for comment numbers 1 through 5, the AICPA’s Auditing Standards Board (ASB) asked if we believe the proposed changes to sections 105, 205, 210, and 215 are understandable and whether the application guidance is helpful in applying the new proposed requirements. The Committee believes that the proposed changes to AT-C Sections 105, 205, 210, and 215 are clear, understandable, and the application guidance is helpful in applying the new proposed requirements. The Committee is also pleased to respond to the following additional specific requests for comments.

#### **Specific Requests for Comment:**

- 2b. 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: The additional ability of the practitioner to add information to his or her report beyond the minimum report elements is understandable and the application guidance is helpful.***

***The application material discussing the practitioner’s ability to supplement or expand the content of his report is sufficient.***

- 4a. Are the illustrative reports clear and understandable with respect to the differences between a limited assurance engagement and an examination engagement?

***Response: The Committee believes the illustrative reports are clear and understandable.***



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- 4b. 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 benefits of requiring the practitioner to include a description of the procedures performed increase the reliability of the information.*

- 4c. Also, please provide your views regarding whether an adverse conclusion is appropriate in a limited assurance engagement.

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

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

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

5. Please provide your views on the proposed changes to AT-C section 215 as discussed in the preceding section. Please indicate whether you believe the proposed changes are understandable and whether the application guidance is helpful in applying the new proposed requirements. Further, please specifically consider the following questions in your response:

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

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



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

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

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

- 2. 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: No, the proposed changes are excessive and go beyond what the Committee feels is necessary to obtain additional flexibility. The extent of the proposed changes would likely result in needless training costs and confusion among the practitioners and users of the AUP reports.*

*The proposed changes should be curtailed and focus only on allowing the practitioner to develop or assist in developing procedures (provided that an engaging party and users agree to the sufficiency of the procedures). The Committee believes that except for changes discussed above and certain conforming changes eliminating the requirement for the practitioner to request a written assertion, little to no other changes to the extant AT-C section 215 are needed.*



3. 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: No, as stated in our original response letter, the Committee is of the opinion that the practitioner should be precluded from taking on agreed upon procedures engagements where neither the engaging party nor the specified parties take responsibility for sufficiency of procedures.***

6. 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: The Committee believes the current prohibition on 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, should be maintained. The Committee believes that users of limited assurance reports (on prohibited subject matters) would not be able to rely on the underlying information presented by the reporting entities to the extent needed to satisfy other reporting requirements, laws and/or regulations.***

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

***Response: The Committee supports the effective date for reports dated on or after May 1, 2020 (early implementation not allowed), which would allow practitioners the time to focus on addressing other major changes in professional and financial reporting standards (e.g., revenue recognition, leases, etc.).***

The Committee appreciates the opportunity to express its opinion on this matter. We would be pleased to discuss our comments in greater detail if requested.

Sincerely,

**Scott Cosentine, CPA**

Chair, Audit and Assurance Services Committee

**Genevra D. Knight, CPA**

Vice Chair, Audit and Assurance Services Committee



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## APPENDIX A

### AUDIT AND ASSURANCE SERVICES COMMITTEE ORGANIZATION AND OPERATING PROCEDURES 2018 – 2019

The Audit and Assurance Services Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members. The Committee seeks representation from members within industry, education and public practice. These members have Committee service ranging from newly appointed to almost 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of audit and attestation standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of audit and attestation standards. The Subcommittee develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

#### **Public Accounting Firms:**

##### **National:**

Todd Briggs, CPA  
Scott Cosentine, CPA  
Jennifer E. Deloy, CPA  
James J. Gerace, CPA  
Michael R. Hartley, CPA  
James R. Javorcic, CPA  
Elizabeth J. Sloan, CPA  
Amber Sarb, CPA  
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RSM US LLP  
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BDO USA, LLP  
Crowe LLP  
Mayer Hoffman McCann P.C.  
Grant Thornton LLP  
RSM US LLP  
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Sikich LLP  
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##### **Regional:**

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Genevra D. Knight, CPA  
Andrea L. Krueger, CPA

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##### **Local:**

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Lorena C. Johnson, CPA  
Mary Laidman, CPA  
Carmen F. Mugnolo, CPA  
Jodi Seelye, CPA

Arthur S. Gunn, Ltd.  
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DiGiovine, Hnilo, Jordan & Johnson, Ltd.  
Mugnolo & Associates, Ltd.  
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**Industry/Consulting:**

Rosi Hasan, CPA  
Sean Kruskol, CPA

Northern Trust Corporation  
Cornerstone Research

**Educators:**

Meghann Cefaratti, PhD

Northern Illinois University

**Staff Representative:**

Heather Lindquist, CPA

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