December 1, 2014

Sharon Macey  
AICPA  
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Durham, North Carolina 27707-8110  
Via e-mail: smacey@aicpa.org

Re: Proposed Statement on Standards for Attestation Engagements – Reporting on an Examination of Controls at a Service Organization Relevant to User Entities’ Internal Control Over Financial Reporting: Clarification and Recodification

Dear Ms. Macey:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Proposed Statement on Auditing Standards issued by the Auditing Standards Board (ASB), including the three questions posed in the “Guide for Respondents.” The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of more than 20 members, of whom 42% are from local or regional firms, 24% are from large multi-office firms, 14% are sole practitioners, 10% are in international firms, and 10% are in academia or private industry. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing audit services on them. The Committee has the following comments related to the questions noted in the exposure draft as numbered below:

1. The Committee agrees that the objectives of the practitioner in the exposure draft are appropriate.

2. The Committee noted that the proposal in Paragraph 2.30 leaves in the requirement to consider the “characteristics of the population” while deleting the requirement to consider the “nature of the controls, the frequency of their application and expected rate of deviation.” The language that is proposed for deletion provides helpful guidance and context in which to consider the characteristics of the population. It is suggested that the proposed deletion be reconsidered.

   The Committee noted that in section 8.A5, the proposed wording in this explanatory paragraph can be interpreted to be absolute, meaning that whenever the controls are designed by a party other than management of the service organization, management of the service organization will not be in a position to assert that the controls are suitably designed. It is suggested that the wording be modified to leave open the possibility that management may be in a position to make such an assertion in these circumstances.

   In certain circumstances, management of the service organization may be in a position to make an assertion that the controls are suitably designed. For example, although the controls may have been designed by management of a user organization, management
of the service organization may have had sufficient involvement in the design process to enable management of the service organization to make an assertion that the controls are suitably designed.

3. The Committee has no comments or suggestions with respect to this question.

The Committee appreciates the opportunity to respond to this exposure draft. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Julian D. Dozier, CPA
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
John Barron, CPA
Ed Cranford, CPA