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Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

October 12, 2016

Ms. Sherry Hazel
Audit and Attest Standards
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Dear Ms. Hazel:

We have reviewed the AICPA Auditing Standards Board's Exposure Draft (ED) of the proposed Statement on Auditing Standards entitled *Auditor Involvement with Exempt Offering Documents* and generally agree with the provisions in the exposure draft. Please see our responses below addressing the questions posed in the issue for consideration.

Questions for Respondents:

1. *Please provide feedback on the types of offerings included in the scope of the standard, specifically whether franchise offerings should be included in the scope of the proposed SAS.*

We consider the use of the phrase "securities exempt from registration under the Securities Act of 1933, as amended (Securities Act of 1933)" as sufficiently broad to encompass government issued securities, and therefore achieves the Board's intent. Since franchise offerings are not government issued securities, we offer no opinion on them.

2. *Please provide feedback on (a) whether you believe the activities that have been identified should trigger involvement and (b) whether additional activities should be considered as triggers for involvement.*

Regarding paragraph 8.b.ii., we concur with the view expressed by the National State Auditor's Association that the act of reading a draft of the offering document should not constitute "involvement" unless the auditor provides feedback to the entity. We agree with their revision of the trigger to say: "Reading a draft of, and providing feedback on, the offering document at the entity's request."

- 3. Please provide your views regarding the proposed requirement for subsequent event procedures to be performed when the auditor is deemed involved with an exempt offering document.*

We consider the proposed requirement as overly burdensome on the auditor and agree with the view expressed on page 6 that if a preparer (the entity seeking to issue securities) has no requirement to evaluate the impact of events occurring subsequent to the issuance of their financial statements, it is inappropriate to require the auditor to perform these procedures.

We appreciate the opportunity to comment on this exposure draft. Should you have any questions or desire further details on our comments, please contact me or Craig M. Murray, C.P.A., Director of Professional Practice.

Sincerely,



Doug Ringler
Auditor General

Via email