

LEGISLATIVE AUDIT DIVISION

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We appreciate the opportunity to respond to the AICPA Exposure Draft on “Auditor Involvement with Exempt Offering Documents.” Members of our staff have read the proposed revised standards and have the following responses to the questions for respondents:

- Issue 1 – *Commenters are asked to 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 are not providing feedback on whether franchise offerings should be included because we have no involvement in these type of offerings.

- Issue 2 – *Commenters are asked to provide feedback on (a) whether they believe the activities that have been identified should trigger involvement and (b) whether additional activities should be considered as triggers for involvement.*

It is unclear how, or whether, the auditor or entity is expected to communicate the extent of the auditor’s involvement when the auditor’s report is incorporated by reference and the auditor conducts the activities identified in paragraph 8(b)i, ii, and iv, as those activities do not involve inclusion of the auditor’s report in the offering document. In addition, paragraphs 14 – 17 do not provide auditors conducting those activities a mechanism for addressing subsequent events requiring adjustment of, or disclosure in, the audited financial statements. As such, readers of the offering document may not be adequately notified the entity’s financial position has changed.

- Issue 3 - *Commenters are asked to provide their views regarding the proposed requirement for subsequent event procedures to be performed when the auditor is deemed involved with an exempt offering document.*

Subsequent events procedures are appropriate when the auditor is involved with an exempt offering. Our office completes subsequent events inquiries as part of providing written agreement for the use of the auditor’s report in an offering document. In the past, we have identified material subsequent events relevant to the reader’s understanding of the entity’s financial position and requested disclosure of those events in the notes to the financial statements prior to providing written agreement.

If you need any additional information concerning our response, please contact me at (406) 444-3122 or by email at dosmanson@mt.gov.

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Sincerely,

\s\ Delsi Osmanson

Delsi Osmanson, Senior Auditor
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By email