



October 13, 2016

RSM US LLP

Ms. Sherry Hazel
Senior Technical Manager
Auditing Standards Board
American Institute of Certified Public Accountants
1211 Avenue of Americas
New York, NY 10036-8775

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Suite 500
Chicago, IL 60606
www.rsmus.com

Re: Proposed Statement on Auditing Standards (SAS), *Auditor Involvement With Exempt Offering Documents*

Dear Ms. Hazel,

RSM US LLP appreciates the opportunity to offer our comments on the proposed SAS, *Auditor Involvement With Exempt Offering Documents*. RSM US LLP is a leading provider of audit, tax and consulting services focused on the middle market. We have approximately 9,000 professionals and associates in 86 cities nationwide.

Overall, we are supportive of the proposed standard as it includes structured requirements that will provide more uniformity in practice with respect to auditor involvement with exempt offerings. We believe the guidance and requirements included in the proposed standard generally are consistent with the auditor's professional responsibilities when the auditor's report is included in a municipal security offering document as currently included in the AICPA Audit and Accounting Guides, *State and Local Governments* and *Health Care Entities*. We agree it is appropriate to standardize, and move to an auditing standard, specific guidance as to when the auditor is considered to be involved with an exempt offering document, together with procedures that are required to be performed when the auditor is involved.

Further, we agree that for purposes of this standard, "exempt offerings" are properly defined to include both (a) securities exempt from registration under the Securities Act of 1933, as amended, and (b) franchise offerings regulated by the Federal Trade Commission (FTC). As a matter of practice risk management, RSM US LLP requires involvement with exempt offerings when the auditor's report is included in, and the auditor is otherwise involved with, the offering document; however, not all firms follow this protocol. There is no requirement by the SEC or the FTC for auditor involvement in such offerings, and thus it is important that the Auditing Standards Board clarify and specify the auditor's required involvement as described in the exposure draft.

We have one area of concern regarding the proposed standard, and that is the specificity of the activities that trigger the involvement of the auditor. We believe there needs to be more clarity as to when the requirements of this proposed standard apply as opposed to when only the requirements of AU-C 720, *Other Information in Documents Containing Audited Financial Statements*, apply because there may be confusion as to the interplay between the two standards. Paragraph 8.b.ii. of the proposed standard requires the auditor to apply the requirements of the proposed standard when the auditor's report is included in the exempt offering document and the auditor reads a draft of the offering document at the entity's request. Paragraph .06 of AU-C 720 requires the auditor to read the other information of which the auditor is aware in order to identify material inconsistencies, if any, with the audited financial statements.

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We believe the requirement in paragraph 8.b.ii. of the proposed standard should be expanded so as to further explain what "reading a draft of the offering document" means and thereby clarify how this "reading" differs from the "reading" for inconsistencies required by paragraph .06 of AU-C 720. Therefore, we suggest revising the requirement in paragraph 8.b.ii. of the proposed standard to read as follows (proposed additions are shown in bold font; proposed deletions are struck through):

- ii. Reading a draft of the offering document ~~at~~ **in response to** the entity's request **to provide oral or written comments on the content of the offering document based on the auditor's professional experience and knowledge regarding such documents** (Ref: par. A9)

We appreciate this opportunity to provide feedback on the proposed guidance and would be pleased to respond to any questions the Auditing Standards Board or the AICPA staff may have about our comments. Please direct any questions to Rich Davison - Partner, National Professional Standards Group, at 574.296.3747.

Sincerely,

RSM US LLP

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