



November 17, 2017

[via email – mike.glynn@aicpa-cima.com](mailto:mike.glynn@aicpa-cima.com)

AICPA Accounting & Review Services Committee

Re: Proposed Statement on Standards for Attestation Engagements
- *Selected Procedures*

Dear Sir or Madam:

The Accounting and Auditing Standards Interest Group of the New Jersey Society of Certified Public Accountants (NJCPA) is pleased to offer its feedback and comments on the above referenced - Proposed Statement on Standards for Attestation Engagements – *Selected Procedures*. The NJCPA represents New Jersey’s accounting profession with over 14,000 certified public accountants and future CPAs. The comments herein represent those of some of the members of the Accounting and Auditing Standards Interest Group (the Group) only and do not necessarily reflect the views of all members of the Group or NJCPA.

We appreciate the opportunity to comment on the AICPA Accounting and Review Services Committee exposure draft. Overall, the Group agrees with the AICPA’s exposure draft creating a new attestation service that would permit enhanced communications among customers, employees, suppliers and stakeholders. However, some group members believe that the examples cited in the exposure draft could be performed under the Statements on Standards for Consulting Services. The Group expressed concerns about practitioners’ exposure to liability due to the flexibility in application of the expanded service and none of the parties required to assume responsibility. Practitioners look to the accounting standards for guidance.

The Group’s responses to the *Specific Request for Comments* are explained below.

Comment 1A: *Is the proposed expansion of the practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215 needed and in the public interest? If so, provide specific examples of when, in practice, a practitioner may perform an engagement in accordance with the proposed standard.*

The Group believes that proposed expansion in a procedures and findings format could be of value and in the public interest. The proposed expansion would increase the flexibility in which a firm could provide attest services. An example where the expansion service would be used is for a break-even analysis for a business segment. The Group did express concern that many of the examples cited in the exposure draft could be accomplished by applying the Statement on Standards for Consulting Services.

Comment 1B: *Please provide feedback about whether you believe the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement.*



The Group believes the proposed standard addresses the objective of providing flexibility because unlike Agreed Upon Procedures, the procedures may be developed before or during the engagement.

Comment 1C: *Do you agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement?*

The Group agrees with the proposal that no party would be required to take responsibility, however concern was expressed with respect to exposure to liability.

Comment 1D: *Related to Specific Request for Comment 1C, consider and provide feedback about whether you believe the proposed reporting requirements appropriately communicate the following:*

- a. *When no party takes responsibility for the sufficiency of the procedures.*
- b. *When the practitioner, the engaging party, another party, or a combination of these parties take responsibility for the sufficiency of the procedures.*
- c. *The responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter*
- d. *The limitations of the engagement.*

The Group believes that engagement letters and reports must clearly disclose the lack of responsibility and limitations for the purpose of limiting the practitioners' legal liability exposure.

Comment 2A: *Do you agree with the permission of general-use selected procedures reports? If you don't agree, please explain why.*

The Group agrees with the permission of general-use selected procedures reports. The Group recommends that the standards are clearly defined as in other attest standards to differentiate themselves from the Statements on Standards of Consulting Services.

Comment 2B: *If general-use selected procedures reports are permitted, should additional language be included in the practitioner's selected procedures report such as disclosure of the party or parties that determined the procedures to be performed by the practitioner?*

The Group believes that additional language, such as disclosure of the party or parties that determined the procedures, would be contradictory to the expanded services' objective of providing more flexibility and parties not required to take responsibility for the sufficiency of the procedures. Furthermore, it could create confusion with reporting under the AT-C 216 - Agreed Upon Procedures Engagements.

Comment 3A: *Do you agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement?*

The Group believes that since no responsibility is taken by any parties, it would not benefit the practitioner to obtain a written assertion. The expanded service should clearly define assertions from a responsible party are not required but written representations are required to be obtained by the practitioner from the engaging party. Examples of representations should be included within the standards.



Comment 3B: *In addition to those representations required by the proposed standard and in the absence of requiring that the responsible party provide a written assertion, are there any other written representations that the practitioner should be required to request in a selected procedures engagement? If so, please provide specific representations that the practitioner should be required to request.*

The Group believes no additional representations would be required.

Comment 4A: *Do you agree that the proposed standard should be market driven, or are there instances in which a practitioner should be precluded from performing a selected procedures engagement? If there are instances in which the practitioner should be precluded from performing a selected procedures engagement, please provide specific instances and the reasons why.*

The Group believes there could be some confusion as to when to apply the AT-C 216 - Agreed Upon Procedures Engagements, the Statement on Standards for Consulting Services, and the new expanded service. The Group believes the inclusion of a decision tree would be helpful to practitioners to determine the appropriate level of service.

Comment 4B: *Do you believe the proposed standard should be included in the professional literature (a) as a revisions to AT-C Section 215 (resulting in the agreed upon procedures and selected procedures requirements and guidance being codified together) or (b) as a stand-alone AT-C section (for example, AT-C Section 220). Please provide reasoning for your preference.*

The Group believes the standard should be issued as a stand-alone to avoid confusion with the other standards.

We appreciate the opportunity to comment on behalf of the NJCPA Accounting and Auditing Standards Interest Group and are happy to discuss our comments with you at your convenience.

Respectfully submitted,

Elizabeth B. Harper

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New Jersey Society of Certified Public Accountants

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