



OAG

Office of the Auditor General

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Doug A. Ringler, CPA, CIA
Auditor General

November 14, 2017

Mr. Mike Glynn
Senior Technical Manager
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Dear Mr. Glynn:

We have reviewed the AICPA Accounting and Review Services Committee's exposure draft (ED) of a proposed statement on standards for attestation engagements entitled *Selected Procedures* and generally agree with its provisions. Our responses to the Specific Requests for Comment are as follows:

Request for 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.

Response 1A. We acknowledge there may be circumstances as suggested in illustrations 2 through 6 when a selected procedures engagement is appropriate to serve the public interest. We consider the requirement of paragraph 53f as vital in making users aware that they are responsible for determining the sufficiency of the procedures as opposed to a *Government Auditing Standards* audit which requires the auditor to obtain sufficient appropriate evidence to support findings and conclusions. Such notation is necessary to ensure users do not assume or misinterpret what a governmental audit organization is providing.

Request for 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.

Response 1B. We agree that the proposed standard would meet the objectives suggested above.

Request for 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?

Response 1C. Given the wide range of potential engagements in which selected procedures may be applied, we recognize there may be circumstances when both the engaging party and the practitioner agree it is appropriate for no party to take responsibility for the sufficiency of the procedures. In this event, it is vital for the selected procedures report to note this fact.

Request for 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.*

Response 1D. We consider the required reporting as appropriate to convey the above noted items.

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

Response 2A. Yes, we agree that there will be circumstances where a wide audience of users will benefit from a selected procedures engagement, therefore the option of a general-use report is appropriate.

Request for 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?

Response 2B. No, we would not consider it important to know who determined the procedures. The vital information will be knowing what procedures were performed and what the results were.

Request for 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?

Response 3A. Given that the nature of the engagement is to perform selected procedures, we see no reason why a practitioner should be required to request or obtain a written assertion.

Request for 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.

Response 3B. No. We have no additional suggested representations.

Request for 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.

Response 4A. We agree that these engagements should be market driven. The only preclusion to performing these types of engagements would be if law or regulation required a different type of engagement such as an audit.

Request for Comment 4B. Do you believe the proposed standard should be included in the professional literature (a) as 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.

Response 4B. We urge the committee to establish a stand-alone AT-C section for selected procedures. Given the differences in the responsibilities of both the engaging party and the practitioner in a selected procedures engagement compared to other attestation engagements, a different AT-C section should be established to avoid any potential confusion between the differing types of attestation engagements. This treatment would be consistent with the existing practice of establishing separate AT-C sections for examination engagements (205), review engagements (210), and agreed-upon procedures engagements (215).

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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, CPA, CIA, Director of Professional Practice.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, slightly slanted style.

Doug Ringler
Auditor General

Via email