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Mr. Mike Glynn  
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Mr. Glynn:

We appreciate the opportunity to respond to the request for comment on the Exposure Draft Proposed Statement on Standards for Attestation Engagements entitled *Selected Procedures* (Exposure Draft). Overall, we agree with the AICPA Accounting and Review Services Committee that standards for performing procedures beyond those currently provided by AT-C section 215, *Agreed-Upon Procedures Engagements* should be established.

Our responses to the questions posed in the Exposure Draft are noted below.

1.A. 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.

We believe that the proposed selected procedures standard is needed and in the public interest. The standard would provide the necessary flexibility to allow practitioners to more effectively serve clients.

Oftentimes, in practice, the engaging party may not have a sufficient understanding of the subject matter that would be necessary to develop procedures to be performed, and may wish to rely on practitioner to not only perform the procedures, but to determine them as well. Also, selected procedures engagements might be influenced by concurrent engagements with a related subject matter. For example, our client (engaging party) is a large organization with numerous vendors and a responsibility to ensure vendors comply with federal acquisition regulations for pricing, costing, and billing. Our client might request that we perform an evaluation of systems and processes in place at a vendor (responsible party), such as an indirect cost rate audit, before applying selected procedures to project costs. We can reach an agreement with the engaging party as to what the purpose or objective of the selected procedures engagement is, what subject matter will be reviewed, and what criteria we will use. However, until we obtain an understanding of what systems and processes exist, including risks for the engagement, uncertainties would exist relative to whether the procedures we initially planned would be sufficient for the engaging party's purposes and whether a selected procedures engagement would be appropriate in the circumstance (e.g., a low risk vendor). Under a selected procedures engagement, we would have the flexibility to develop specific

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procedures and to revise those procedures during the course of the engagement as deemed necessary to meet the objective of the engagement.

1.B. 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.

We believe that the proposed standard appropriately addresses the objective and the nature and extent of the responsibilities of the parties to the engagement. Because the proposed standard allows a practitioner, rather than the engaging party or responsible party (if different) to develop procedures without agreeing upon them first, and does not require any party to take responsibility for the sufficiency of the procedures, it provides practitioners with the flexibility to revise or add procedures as deemed necessary to meet the objective of the engagement. This is especially important for circumstances where the responsible party is not the engaging party.

1.C. 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?

We agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures. Given that selected procedures engagements would not require the practitioner, the engaging party, and responsible party (if different) to establish and agree upon the procedures to be performed, it would not always be appropriate for any party to take responsibility for the sufficiency of the procedures.

1.D. 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

We believe that paragraph 53e of the proposed reporting requirements appropriately communicates 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

We believe that paragraph 53e of the proposed reporting requirements also appropriately communicates when certain 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

We believe that paragraph 53d of the proposed reporting requirements appropriately communicates the responsibilities of the parties.

d. The limitations of the engagement

We believe that paragraph 53k of the proposed reporting requirements appropriately communicates the limitations of the engagement.

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

We agree with the permission of general-use selected procedures reports, under the condition that a practitioner would not be precluded from restricting the use of the report if deemed necessary. Given that no party would be required to take responsibility for the sufficiency of the procedures, the procedures performed may not be always be sufficient for general use. Therefore, in some cases, the practitioner may determine that the report should be restricted to specific users.

2.B. 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?

We believe that if general-use selected procedure reports are permitted, additional language should be included in the practitioner's selected procedures report to disclose the party or parties that determined the procedures to be performed. The additional language would help provide necessary background for a user of the report that may not have been involved in selecting the subject matter or procedures for the report and help the user to understand the purpose of the report.

3.A. 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?

We agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement.

3.B. 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 written representations required by the proposed standard as outlined in paragraphs 46 through 48 appear sufficient.

4.A. 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.

We agree that the proposed standard should be market driven. If the engaging party is unable or unwilling to determine the procedures to be performed or does not want to take responsibility for sufficiency of the procedures, a practitioner should not be precluded from performing a selected procedures engagement.

4.B. 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

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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.

We believe that the proposed standard should be included in the professional literature as a revision to AT-C section 215. Given that there are many similarities between agreed-upon procedures and selected procedures, a combined section could clearly outline the differences between the two, and highlight when each situation may be used. It would be useful to a practitioner who may have the intention of performing agreed-upon procedures, but upon referencing AT-C section 215, finds that selected procedures might be more appropriate.

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Commission Auditor

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