



November 30, 2017

By e-mail: mike.glynn@aicpa-cima.com

Hunter College Graduate Program
Economics Department
695 Park Ave.
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Mr. Mike Glynn
AICPA
1211 Ave of the Americas
New York, NY 10036

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

Dear Mr. Glynn:

The Advanced Auditing class (ACC 775) at Hunter College Graduate program in New York City appreciates the opportunity to comment on this exposure draft.

The class discussed the above proposed exposure draft and have attached our comments. If you would like additional discussion with us, contact Professor Joseph A. Maffia, at 212-792-0404.

Sincerely,

A handwritten signature in black ink that reads 'Joseph A. Maffia'.

Professor Joseph A. Maffia, CPA

**Hunter College Graduate Program
Accounting Department
Advanced Auditing Class
Acc. 775**

**COMMENTS TO THE AICPA ACCOUNTING AND REVIEW SERVICES
COMMITTEE ON THE PROPOSED STATEMENT ON STANDARDS FOR
ATTESTATION ENGAGEMENTS, *SELECTED PROCEDURES***

November 12, 2017

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Professor Joseph A. Maffia, CPA

The Advanced Auditing Class has reviewed the above-referenced Exposure Draft and offers the following comments for consideration by the Auditing Standards Board. Please note that our comments can be separated into three main categories: overall comments, specific comments, and changes in wording of certain passages.

OVERALL COMMENTS

We thank you for the opportunity to comment on this draft and we believe that this proposed standard could be widely used by practitioners saving time, money and simplifying procedures when needed. It looks like this proposed standard is the missing piece that complements the attestation services pyramid. Since these selected procedures generate a report with no assurance, they will be the adequate choice for all types of engagements that do not require any level of assurance.

30b Pertaining to Agreeing on the Terms of the Engagement in Section 30 subsection b should go a step further in stating that no party takes responsibility for the sufficiency of the procedures. The Application and Other Explanatory Material describes situations where this may arise, including selected procedures in which “multiple entities may be responsible for certain aspects of the project” or if the subject is publicly available. The engagement specific situation that calls for no responsibility to be taken should be explicitly stated in all engagement letters to better assure that all parties will be informed and to further limit the auditor’s risk to litigation.

A51 Materiality limits are only included when the practitioner “is aware of, or establishes, such materiality limits at the onset of the engagement.” Clarification about what happens when acceptable changes to materiality are needed should be added.

RESPONSE TO SPECIFIC REQUESTS

(1A) We believe that 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 should be carefully reviewed in terms of potential disputes before the proposed Statement on Standards for Attestation Engagements (SSAE) will be effective. The proposed expansion would be necessary for the convenience of the specified parties, as addressed in the background of the Explanatory Memorandum, because it allows the practitioner to perform the engagement when the specified parties may not have the ability to develop the procedures, without having to perform a separate consulting services engagement. Accordingly, the proposed expansion would lower fees associated with the engagement. In terms of economic perspective, it would be in the public interest. The proposed expansion would facilitate entering into engagements by the practitioners; thus, it is also in the interest of the practitioners. It appears to be good for the public and for the practitioners with the proposed expansion. However, the effect of the proposed

expansion should be reviewed in terms of disputes caused by the greater flexibility. We believe that the proposed expansion may bring more disputes in the post-engagement stage since no party would be required to take responsibility for the sufficiency of the procedures. Specified parties would point the finger at the practitioners if they are not satisfied with the engagement performed by the practitioners. For example, the proposed expansion may invite more litigations where specified parties would argue that they did not develop the procedures. In sum, although the proposed expansion would facilitate entering into more engagements by the practitioners, at the same time, it may bring more disputes in the post-engagement stage caused by the greater flexibility. Accordingly, the proposed standard should address how to minimize the potential disputes caused by the proposed expansion of the practitioners' ability.

(1B) In an agreed-upon procedures engagement it is very common that the practitioner develops the procedures needed to meet a certain objective. In this proposed standard the practitioner will have even more flexibility to develop procedures without taking responsibility over the subject matter. We believe that this standard properly addresses the objective of providing flexibility to the practitioner and the parties involved.

(1C) We do agree with the proposal that no party takes responsibility for the sufficiency of the procedures in selected procedures engagements because this is one of the three major topics of the foundations of this proposed standard. Otherwise, it would contradict the very reasons for issuing this standard, and it would be an agreed-upon procedures engagement.

(2A) We do not agree with the permission for a general-use selected procedures report because it may give rise to litigations although these types of procedures provide no assurance at all. The rationale behind this is that whenever one or many parties engage the practitioner for a selected procedures engagement they need a specific report for a specific reason. Therefore, this type of the report may be mistakenly used by general users.

(2B) General use implies that reports are not restricted or tailored to specific parties. If permitted it should be explicitly stated which party selected the procedure, what the purpose of the procedure is in relation to the overall audit, and who, if anyone, takes responsibility for it.

(3A) We do agree that the practitioner should not be required to request or obtain a written assertion from a responsible party in a selected procedures engagement. Again, as we stated in paragraph (1C), this is one of the three issues that gave rise to this proposed standard.

The guidance for all Agreed- Upon Procedures Engagements (AT-C Section 215, par. 15) states that the practitioner should request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria.

This is one of the criteria that distinguishes the Selected Procedures Engagement from the Agreed-Upon Procedures Engagement.

(4A) We believe that the proposed standard should be market driven, each case should be analyzed carefully whether assurance is needed, or responsibility cannot be claimed by no parties. There might be instances where the practitioner may be precluded from performing selected procedures engagements. For example, in instances when the practitioner's independence is impaired, or when the engaging parties demand some level of assurance.

(4B) We believe that this proposed standard should be as a stand-alone AT-C section in the professional literature to avoid confusion. For many users the language used in this standard may look like that used in the agreed-upon procedures and resulting in huge mistakes. To avoid that it should be separate sections and appropriate use of bold headings to guide the users to the right paragraphs.

COMMENTS PERTAINING TO SPECIFIC WORDING

The bold text should be added to the end of point 30f, which gives guidance on what information should be included in an engagement letter. In this section of the proposed guidance, no consideration is given to the auditor's ability to restrict the use of the report, which may be deemed necessary based on professional judgment. In other areas of the proposed guidance, it is mentioned that the report can be restricted, however it should also be explicitly stated in writing with the client to limit the chance of misunderstanding between the two parties.

30f "The limitations of a selected procedures engagement, including a statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users **and if applicable, should not be distributed or disclosed to third parties.**"