



KPMG LLP
345 Park Avenue
New York, N.Y. 10154-0102

Telephone +1 212 758 9700
Fax +1 212 758 9819
Internet www.us.kpmg.com

December 1, 2017

Mr. Mike Glynn
Audit and Attest Standards
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

RE: Proposed Statement on Standards for Attestation Engagements, *Selected Procedures*

Dear Mr. Glynn:

We appreciate the opportunity to provide comments on the Accounting and Review Services Committee (the Committee) proposed Statement on Standards for Attestation Engagements, *Selected Procedures* (Proposed Standard).

We believe that the Proposed Standard is essentially an amendment to the specific requirements of AT-C section 105, *Common Concepts* and AT-C section 215, *Agreed-Upon Procedures* (AT-C section 215) rather than a standard for a new attestation service. While we agree conceptually with certain of the proposed requirements, we do not support the possibility of no party taking responsibility for the sufficiency of the procedures and certain of the proposed reporting requirements.

Creating another AT-C section would force practitioners to determine which standard is appropriate for specific, oftentimes similar circumstances. Because of fewer requirements for both the practitioner and the engaging party, we believe there is a real risk that the Proposed Standard will render AT-C section 215 obsolete. We believe that there will be circumstances or subject matter for which an AT-C section 215-like engagement would be more appropriate because a general user may not have an appropriate understanding of the subject matter, criteria or procedures and findings. Therefore, we believe the Proposed Standard should amend AT-C section 215 to modernize that standard for today's and future needs of users and practitioners. For the Committee's consideration, Appendix C is a conceptual decision tree illustrating how our suggestions may be incorporated in AT-C section 215.

Specified parties should be responsible for, not just aware of, the procedures

The practitioner, a party to an agreed-upon or selected procedures engagement, is responsible for exercising professional judgment and due care; however, the practitioner performs the engagement on behalf of and for the intended purpose specified by the engaging and/or responsible parties (specified parties). We believe that, in both agreed-upon and selected procedures engagements, the practitioner should be required to have a sufficient understanding of the engaging party's purpose to plan and perform the engagement. In practice, except when procedures are standardized (e.g. AICPA Statements of Position 02-1 and 17-1) or otherwise required (e.g. in a written contract or agreement), the parties to AT-C section 215 engagements often collaborate on the development of the procedures, which the Proposed Standard contemplates.

The Proposed Standard may lead users to believe that the practitioner can simply develop and perform procedures for any stated purpose when, in practice, the Attestation Standards guide the types of engagement procedures the practitioner may perform and establishes standards for the identification of the subject matter and suitable criteria, and the specificity of the wording to be used in the reporting. In a general-use report, it is in the public's best interest for those with any level of responsibility for the procedures (e.g. the practitioner or the engaging/responsible party(ies)) to indicate as such. The

practitioner, exercising due care, should not accept an engagement or perform procedures irrelevant to the subject matter or intended purpose of the specified party(ies).

We believe the specified parties should either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. We object to the more limited concept of “awareness” as it is too ambiguous to be consistently understood and effectively measured and may result in users improperly relying on the report to their detriment. We do not believe a statement in the report that the procedures may not address all the items of interest to a user and may not meet the needs of all the user resolves this issue.

Presumed Restricted-Use Report With Permitted General-Use

In clarifying AT-C section 215, the AICPA’s Auditing Standards Board (ASB) determined that including the engagement purpose in the accountant’s report was often unnecessary because use was limited to specified users taking responsibility for the sufficiency of the procedures for their purposes, whatever those purposes may be. With regard to the Proposed Standard, we believe that including the stated engagement purpose without the engaging party also taking responsibility for the sufficiency of or agreeing to the procedures performed for the intended purpose is less beneficial to users.

We believe that the Proposed Standard should have a presumption that the report is restricted-use unless the practitioner concludes that the subject matter and criteria, and selected procedures are appropriate for general-use. Without the specified parties taking responsibility for the sufficiency of the procedures for the intended purpose or agreeing to the procedures for the intended purpose, we believe it is insufficient to include general statements informing the user not to rely on the report unless there is an appropriate understanding of the subject matter, criteria, and procedures and findings. Specific language such as that illustrated in paragraph 46 of Statement of Position 17-1 may be more effective.

We illustrate how our views may be applied in Appendix B.

Generally Accepted Governmental Auditing Standards (GAGAS)

GAGAS incorporates by reference the Attestation Standards, specifically referencing the three types of attestation engagements, including agreed-upon procedures. It is unclear whether the Proposed Standard would be permitted under GAGAS without amending those standards. Therefore, the references in paragraphs 4 and 56 may not be appropriate and further supports our suggestion to incorporate the Proposed Standard into AT-C section 215.

In addition to providing our responses to the specific issues highlighted for respondents in the Exposure Draft, we have included editorial comments to specific paragraphs in Appendix A.

Issue 1 – Nature of the Proposed Service and Development of the Procedures to Be Performed

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.

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.

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?

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*

When a practitioner performs an engagement with due professional care and reports the procedures and findings in a clear and transparent manner, there may be no negative effect to the public interest. When comparing the text of the Proposed Standard to AT-C section 215, we found few substantive differences and have concerns about some of the requirements of the Proposed Standard. Because we cannot identify circumstances where one service might be preferred over the other, we believe public interest is better served by a thoughtful modernization of AT-C section 215.

Standards that allow for a certain degree of flexibility are useful to practitioners, and the Proposed Standard recognizes the fluidity and collaboration that often occurs today when developing and performing agreed-upon procedures engagements. Because specificity of procedures are often not known in the beginning of an engagement, we support allowing for an iterative process rather than requiring amendment to an engagement letter as is the requirement in AT-C section 215.18. Final agreement to the procedures and/or responsibility for the sufficiency of the procedures for the intended purpose can be obtained in the management representation letter or similar means prior to issuance of the report.

Understanding the purpose of the engagement is necessary to design responsive procedures and report findings, or lack thereof. However, we believe that the engaging party should be required to determine the intended purpose (that is, the use for which the practitioner's report is intended), and therefore should also be required to either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. Inherently, while obtaining an understanding of the engaging entity's intended purpose, and then designing and executing the procedures with due professional care, the practitioner has some level of responsibility for the sufficiency of the procedures for which they were engaged. Like AT-C section 215.19, the Proposed Standard states that the practitioner should not agree to perform procedures that are open to varying interpretations. The practitioner should only agree to perform procedures that are responsive to the intended purpose.

The practitioner is not the party that determines the intended purpose, yet may be perceived by users as implicitly concluding, to a certain degree, that the procedures are sufficient for the intended purpose. Consequently, we believe the Committee should require the party(ies) that determines the intended purpose to also either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. As previously stated, we believe the concept of acknowledging awareness of the procedures performed in paragraph 42 of the Proposed Standard is too ambiguous and should be eliminated.

We have suggested changes to the required reporting elements in Appendix A. Appendix B is an illustration of applying our suggestions to the example report in the Exposure Draft.

Issue 2 - Use of the Report

2A – Do you agree with the permission of general-use selected procedures reports? If you don't

agree, please explain why.

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?

Without appropriate guidance for practitioners to consider, we believe that there is a risk that certain criteria or subject matter may be inappropriate for general-use reports. Therefore, we believe that a restricted-use report should be the presumption, with a general-use report permitted under certain limited circumstances. The practitioner should consider whether the subject matter and criteria are appropriate for users other than the parties to the engagement, who the potential users are, and for what purpose the potential users may use the report. After such consideration, if in the practitioner's judgment a general-use report is appropriate, then the Proposed Standard or AT-C section 215 should so permit. In a general-use report, the transparency with regard to how the procedures and findings are worded becomes even more critical, and the burden for describing the procedures and findings in a general-use report is that of the practitioner. To this point, suggested changes to Paragraph 54 of the Proposed Standard are included in Appendix A.

Regardless of whether general or restricted-use, naming the parties to the engagement in the report would be a further enhancement. We have illustrated how this may be applied in Appendix B.

Issue 3 – Requesting or Obtaining an Assertion from a Responsible Party

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?

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.

As acknowledged in the Exposure Draft, the ASB is considering whether to amend AT-C section 215 to eliminate the requirement of requesting a written assertion from the responsible party. In applying AT-C section 215, we have realized that it is often unnecessary to request or obtain an assertion. The responsible party may not be in a position to provide an assertion about the measurement or evaluation of the subject matter against the criteria, and the value of this type of engagement is tied to the reporting of the procedures and findings, not the assertion (or lack thereof) from the responsible party. Consequently, we do not object to the Committee's proposal that the practitioner not be required to request or obtain a written assertion from the party responsible for the subject matter, irrespective of whether that party is willing or able to provide it.

Our comments and suggested changes to the written representation requirements included in Paragraphs 46 through 48 of the Proposed Standard are included in Appendix A.

Issue 4 - The Proposed Standard Versus an Agreed-Upon Procedures Engagement

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.

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.

As the Proposed Standard and AT-C section 215 are substantially the same, having two separate standards that are very similar will cause unnecessary confusion and inefficiencies for a practitioner or other parties evaluating which standard covers the engagement without more definitive guidance about which standard is applicable. We believe amending AT-C section 215 is more prudent, with some decision points for a practitioner to determine whether the practitioner’s report may be general-use based on the facts and circumstances of the engagement. For the Committee’s benefit, in Appendix C, we provide a decision tree that we believe should be included in the Proposed Standard to help practitioners determine the appropriate type of reporting (e.g. restricted-use or general-use).

* * * * *

We appreciate the Committee’s careful consideration of our comments and observations. If you have any questions regarding our comments included in this letter, please do not hesitate to contact Ilene Kassman (212-909-5667 or ikassman@kpmg.com).

Sincerely,

KPMG LLP

APPENDIX A – DETAILED OBSERVATIONS, RECOMMENDATIONS AND EDITORIAL COMMENTS

Based upon our analysis of the Proposed Standard, we have the following recommendations and editorial comments that would improve or provide additional clarity (additions are underlined; deletions are ~~strikethrough~~):

Reference	Recommendation	Rationale						
Various	<p>When comparing the language in the Proposed Standard to AT-C sections 105 and 215, we noted instances where the requirement is essentially the same, but worded differently. Two examples follow, with the wording of the Proposed Standard first:</p> <p>Example 1: g. If applicable, a description of any specified materiality limits i. When applicable, a description of any agreed-upon materiality limits.</p> <p>Example 2: .60 The practitioner should prepare engagement documentation on a timely basis that is sufficient to determine the following: .43 The practitioner should prepare engagement documentation that is sufficient to determine:</p> <p>We do not object to either the wording in the existing AT-C sections or the Proposed Standard; however, if the Committee chooses to continue with the Proposed Standard as a stand-alone AT-C section, consistent wording should be used between the existing AT-C sections and the Proposed Standard when the requirement is the same. For the Committee’s consideration, we have identified the following paragraphs worded differently for the same requirements.</p> <table border="1" data-bbox="407 1604 976 1850"> <thead> <tr> <th data-bbox="407 1604 691 1709">Proposed Standard reference</th> <th data-bbox="691 1604 976 1709">Existing AT-C section reference</th> </tr> </thead> <tbody> <tr> <td data-bbox="407 1709 691 1782">19</td> <td data-bbox="691 1709 976 1782">105.22</td> </tr> <tr> <td data-bbox="407 1782 691 1850">36</td> <td data-bbox="691 1782 976 1850">215.17</td> </tr> </tbody> </table>	Proposed Standard reference	Existing AT-C section reference	19	105.22	36	215.17	<p>Effectively the same requirement should not be worded differently in the same set of standards. To do so may create confusion or inefficiencies if practitioners pause to evaluate whether a difference was intended.</p> <p>There are also instances where paragraphs are application material in AT-C 215 and have been elevated in the Proposed Standard. Again, we believe there should be no difference.</p> <p>In addition, because of the familiarity of the term in the market, the service should be referred to as agreed-upon procedures.</p>
Proposed Standard reference	Existing AT-C section reference							
19	105.22							
36	215.17							

Reference	Recommendation	Rationale												
	<table border="1"> <tr> <td data-bbox="391 260 691 329">37</td> <td data-bbox="691 260 1052 329">215.19</td> </tr> <tr> <td data-bbox="391 329 691 399">40</td> <td data-bbox="691 329 1052 399">215.21-.22</td> </tr> <tr> <td data-bbox="391 399 691 468">41</td> <td data-bbox="691 399 1052 468">215.23</td> </tr> <tr> <td data-bbox="391 468 691 537">43</td> <td data-bbox="691 468 1052 537">215.24</td> </tr> <tr> <td data-bbox="391 537 691 606">44</td> <td data-bbox="691 537 1052 606">215.26</td> </tr> <tr> <td data-bbox="391 606 691 684">45c</td> <td data-bbox="691 606 1052 684">215.25</td> </tr> </table>	37	215.19	40	215.21-.22	41	215.23	43	215.24	44	215.26	45c	215.25	
37	215.19													
40	215.21-.22													
41	215.23													
43	215.24													
44	215.26													
45c	215.25													
Paragraph 7	<p>In conducting a selected <u>agreed-upon</u> procedures engagement, the objectives of the practitioner are to</p> <ul style="list-style-type: none"> a. apply procedures to the subject matter <u>that are agreed to by specified parties who are responsible for the sufficiency of the procedures for the intended purpose</u>; and b. issue a written practitioner's report that describes the procedures applied and the practitioner's findings. 	<p>As we do not see a substantive difference between selected procedures and agreed-upon procedures, we believe AT-C section 215 should be amended, with the term remaining agreed-upon procedures.</p> <p>Conform wording to AT-C section 215.06, as we believe the engaging party, and as appropriate the responsible party(ies), should either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose. These parties taking responsibility for the sufficiency of the procedures or agreeing to the procedures as performed for the intended purpose is inherent in meeting the purpose of the engagement.</p>												
Paragraphs 8	<p>Selected <u>Agreed-upon</u> procedures engagement. An attestation engagement in which a practitioner performs <u>specific</u> procedures on subject matter and reports <u>all</u> findings without providing an opinion or a conclusion on it. The selected procedures may be developed by <u>The parties to the practitioner, the engaging engagement (specified party, another party,</u></p>	<p>Merge the definitions of agreed-upon procedures in AT-C section 105.10 with the proposed definition of selected procedures consistent with our recommendation to</p>												

Reference	Recommendation	Rationale
	<p>or a combination of these parties, none of which), <u>as defined later in this paragraph, agree upon or are required to take</u> responsibility for the sufficiency of those <u>the</u> procedures <u>for the intended purpose</u>; however, any or all may take such responsibility for their purposes.</p>	<p>modernize the existing agreed-upon procedures standard.</p>
<p>Paragraph 26.b.iii. (1) and (2)</p>	<p>(1) access to all information of which the engaging or <u>responsible</u> party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter.</p> <p>(2) access to additional information that the practitioner may request from the engaging <u>or responsible</u> party for the purpose of the engagement.</p>	<p>In establishing the preconditions for any attestation engagement, the practitioner should ensure access to all information needed, whether from the engaging or responsible party.</p>
<p>Paragraphs 30 and 31</p>	<p>The terms of the engagement should be the same terms as included in AT-C section 215.12-.14, excluding only :</p> <ul style="list-style-type: none"> • the identification of the assertion in AT-C section 215.14b • paragraph 30b of the Proposed Standard which allows no party to take responsibility for the sufficiency of the procedures • paragraph 30c.iv.1 of the proposed standard regarding the engaging party’s awareness of the procedures performed. 	<p>We now believe requesting or obtaining an assertion is generally unnecessary in either a selected procedures or agree-upon procedures engagement. Further, a party other than the practitioner should be required to either take responsibility for the sufficiency of or agree to the procedures performed for the intended purpose.</p>
<p>Paragraphs A48, A49, and A50 (relates to Paragraphs 30d and 30f)</p>	<p>A48 When applicable, the practitioner’s responsibilities may also include developing the procedures to be performed. However, the practitioner <u>is does</u> not required to take responsibility for the sufficiency of those procedures.</p> <p>A49 The limitations of a selected an <u>agreed-upon</u> procedures engagement <u>may often</u> include circumstances where procedures and findings may not be appropriate for general use. For example, the engaging party may want to communicate certain information to their <u>its</u> customer base and because of</p>	<p>The practitioner should not appear to be responsible for the sufficiency of the procedures beyond exercising due professional care. Further, we believe a restricted-use report should be presumed with general-use permitted if certain criteria are met.</p>

Reference	Recommendation	Rationale
	<p>contractual agreements with their <u>its</u> customers, the procedures and findings may not be understood by a general audience.</p> <p>A50 The practitioner may, in connection with establishing the terms of the engagement <u>and based on the nature of the subject matter and the suitability and availability of the criteria</u>, reach an understanding with the engaging party that the use of the practitioner’s selected procedures report will be <u>unrestricted</u>. The practitioner may also obtain the entity’s written agreement that the entity and any specified parties will not distribute the practitioner’s selected procedures report to parties other than the specified parties.</p>	
<p>Paragraphs 42, 61, and A76 through A79</p>	<p>42 Prior to the issuance of the selected procedures report, the practitioner should obtain a written acknowledgment from the engaging party regarding their awareness of the procedures performed.</p> <p>61 The engagement documentation should include the written acknowledgment from the engaging party regarding their awareness of the procedures performed, as required by paragraph 42.</p> <p>A76 The engaging party’s acknowledgment of its awareness of the procedures performed does not constitute the engaging party accepting responsibility for the sufficiency of the procedures.</p> <p>A77 The practitioner’s communication with the engaging party enables the engaging party, if not already aware, to be made aware of the specific procedures performed and affords the engaging party an opportunity to suggest additional procedures that the engaging party may feel are appropriate in order to meet the purpose of the engagement.</p> <p>A78 In addition to the engaging party, the practitioner may also consider it appropriate to communicate with other parties regarding the procedures performed.</p> <p>A79 The written acknowledgment of the procedures</p>	<p>See discussion under Issue 1. The concept of awareness is too ambiguous to be consistently understood and applied.</p>

Reference	Recommendation	Rationale
	<p>performed may be documented in the engagement letter, an amendment to the engagement letter, in a representation letter, or some other written communication.</p>	
Paragraph 46c	<p>Identify the party(ies) taking responsibility for the sufficiency of <u>or agreeing to</u> the procedures for the <u>intended purpose</u> or include a statement that no party takes such responsibility.</p>	<p>A party(ies) other than the practitioner should continue to be required to either take responsibility for the sufficiency or agree to the procedures for their purposes in accepting the practitioner’s report as the deliverable for the service provided.</p>
Paragraph 47	<p>If the engaging party is not responsible for the subject matter of the engagement, the practitioner should also consider requesting the representations set forth in paragraph 46 from the party that is responsible for the subject matter of the engagement.</p>	<p>There should be a requirement to request representations from the responsible party, if not the same as the engaging party. As written, it is not clear why the requirement is not necessary for the service and therefore should be the same as AT-C section 215.29.</p>
Paragraph 52	<p>The practitioner should consider whether the presentation of the procedures and related findings is misleading in the circumstances of the engagement. If, as a result of performing procedures, the practitioner determines that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement, the practitioner should discuss the matter with the engaging party and take appropriate action.</p>	<p>We believe this should be moved to after the report requirements, as part of the practitioner’s evaluation as to whether the report should be general-use.</p>
Paragraph 53	<p>53 The practitioner’s report on <u>agreed-upon selected</u> selected procedures should include the following: (Ref: par. A97) a. A title that clearly indicates that it is the practitioner’s <u>agreed-upon selected</u> selected procedures report and includes the word independent (Ref: par. A88) b. An appropriate addressee as required by the circumstances of the engagement (Ref: par. A89)</p>	<p>As it relates to the content of the practitioner’s report, we repurposed the content in paragraph 53 of the Proposed Standard and included suggested edits in Appendix B for the Committee’s consideration.</p>

Reference	Recommendation	Rationale
	<p>c. An identification of the intended purpose of the engagement including (Ref: par. A90–A91)</p> <ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and iii. the criteria used <p>d. A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter, if different (Ref: par. A44)</p> <p>e. An identification of the party who <u>either</u> takes responsibility for the sufficiency of <u>or agrees to</u> the procedures <u>for the intended purpose</u> or a statement that neither the practitioner nor the engaging party takes such responsibility</p> <p>f. A statement that</p> <ul style="list-style-type: none"> i. <u>the practitioner makes no representations regarding the sufficiency of the procedures for any purpose or to any parties and</u> ii. <u>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, as such, users are responsible for the sufficiency of the procedures for their intended purpose</u> (Ref: par. A49–A50 and A92) 	<p>These edits reflect other comments we have made throughout our response.</p> <p>53d: As a cornerstone of independence, it should be clear to the user of the report that the practitioner is independent of the subject matter.</p> <p>53e: See our comments below regarding sufficiency.</p> <p>53f: It may be insufficient to make general statements telling the user not to rely and specific disclaimers may be more effective in carrying out the intent of the general disclaimer included in the Proposed Standard.</p>
	<p>g. If <u>When</u> applicable, a description of any <u>agreed-upon specified</u> materiality limits</p> <p>h. A statement indicating the following:</p> <ul style="list-style-type: none"> i. The selected <u>agreed-upon</u> procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply <u>only the agreed-upon</u> procedures to the subject matter and issue a written practitioner’s report that describes the <u>those</u> procedures applied and <u>all</u> the practitioner’s findings. ii. The practitioner was not engaged to and did not conduct <u>The objective of an agreed-upon procedures engagement differs significantly from an examination or review, the objective of which would those engagements being the expression of an opinion or a conclusion, respectively, on the subject matter based on the practitioner executing against more rigorous requirements.</u> (Ref:par. A93) 	<p>53i: There is no basis for a difference from AT-C section 215.</p> <p>53i.ii: The suggested wording makes it clearer that other attestation engagements are more rigorous in their requirements versus an engagement under the Proposed Standard.</p> <p>53.i.iv: As long as the</p>

Reference	Recommendation	Rationale
	<p>iii. The practitioner does not express such an opinion or conclusion. (Ref: par. A94)</p> <p>iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported.</p> <p>i. A list of all procedures performed, or reference thereto, and related findings</p> <p>j. A description of the nature of assistance provided by a practitioner's external specialist, as discussed in paragraph 40, if applicable</p> <p>k. Limitations on procedures or findings, if applicable (Ref:par. A95)</p> <p><u>l. An alert, if applicable, in a separate paragraph, that restricts the use of the report. The alert should</u></p> <p><u>i. state that the practitioner's report is intended solely for the information and use of the specified parties,</u></p> <p><u>ii. identify the specified parties for whom use is intended, and</u></p> <p><u>iii. state that the report is not intended to be, and should not be, used by anyone other than the specified parties</u></p> <p>† <u>m.</u> The signature of the practitioner or the practitioner's firm</p> <p>‡ <u>n.</u> The city and state where the practitioner practices (Ref: par. A96)</p> <p>§ <u>o.</u> The date of the practitioner's report. The practitioner's report should be dated no earlier than the date on which the practitioner completed the procedures and determined the findings, including that</p> <p>i. the attestation documentation has been reviewed and,</p> <p>ii. if applicable, the written presentation of the subject matter has been prepared.</p>	<p>practitioner is transparent in describing the procedures and the findings, there is no need to suggest that had additional procedures been performed, other matters may have been noted. This is the case in any engagement and does not need to be separately disclosed.</p> <p>53l: This suggested change reflects the presumption that the report is restricted and is the same as the current AT-C section 215 language.</p>
<p>Paragraph 54, including application material</p>	<p>In the following circumstances, the selected procedures agreed-upon <u>The practitioner's report should include an alert, in a separate paragraph, that restricts the use of the report. The practitioner may determine not to restrict the use of the report if the practitioner determines that the criteria used to evaluate the subject matter are appropriate for parties beyond those who either participated in their establishment or can be presumed to have an adequate understanding of the criteria based on such</u></p>	<p>We believe the presumption should that the report is restricted to the parties to the engagement; however, general-use may be permitted, if in the judgment of the practitioner, certain criteria are met. See our response to Issue 2.</p>

Reference	Recommendation	Rationale
	<p><u>criteria being suitable and widely available to all users consistent with paragraphs A32-A42.</u></p> <p>a. The practitioner determines that the criteria used to evaluate the subject matter are appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.</p> <p>b. The criteria used to evaluate the subject matter are available beyond only to the specified parties.</p> <p>A98 A practitioner's report for which the conditions in paragraph 28 do not apply <u>and the noted circumstances in paragraph 54 are present</u> need not include an alert that restricts its use. However, nothing precludes a practitioner from including such an alert in any practitioner's report or other practitioner's written communication.</p> <p>A99 A practitioner's report that is required <u>permitted</u> by paragraph 54 <u>to be general-use</u> include an alert that restricts the use of the report may be included in a document that also contains a practitioner's report that is <u>restricted-use</u> for general use. In such circumstances, the use of the general-use report is not affected.</p> <p>A100 A practitioner may also issue a single combined practitioner's report that includes (a) a practitioner's report that is required <u>permitted</u> by paragraph 54 <u>to be general-use</u> to include an alert that restricts its use and (b) a report that is for <u>restricted</u> general use. If these two types of reports are clearly differentiated within the combined report, such as <u>with</u> through the use of appropriate headings, the alert that restricts the use of the report may be limited to the report required by paragraph 54 to <u>that</u> includes such an alert. In such circumstances, the use of the general-use report is not affected.</p>	
Paragraph 58	The practitioner should communicate to the engaging party known and suspected fraud and noncompliance	As written, it is not clear why it is appropriate to only

Reference	Recommendation	Rationale
	with laws and regulations discovered during the selected procedures engagement. <u>When the responsible party is not the engaging party, the practitioner should also communicate this information to the responsible party.</u>	communicate the information to the engaging party, and not to the responsible party consistent with AT-C section 215.42.
Paragraph A81	Because the selected procedures report is <u>presumed, but not required,</u> to be restricted as to use, the practitioner cannot ascertain the understanding of users of an unknown population. Therefore, to avoid vague or ambiguous language, the findings are described at a level of specificity sufficient for a user to understand the nature, timing, and extent of the procedures and findings.	We believe the presumption should be to restrict the practitioner’s report and to make it general-use only if certain criteria are met. See our response to Issue 2.
Paragraphs A91	A91 The practitioner is neither required to make nor is precluded from making an explicit statement that the practitioner makes no representation regarding the sufficiency of the procedures either for the any purpose <u>or to any parties for which the practitioner’s report has been requested or for any other purpose.</u> However, As unless the practitioner <u>does not</u> takes responsibility for the sufficiency of the procedures performed, it is not appropriate to imply that the practitioner takes such responsibility, as doing so could be misleading to potential users of the practitioner’s <u>agreed-upon selected</u> procedures report.	The practitioner should not appear to be responsible for the sufficiency of the procedures beyond their due professional care responsibilities.

APPENDIX B – RECOMMENDED CHANGES TO ILLUSTRATION 1: BASIC “SHELL” REPORT IN THE EXPOSURE DRAFT

For additional clarity as to the nature of the engagement and the responsibilities of the parties involved, we recommend the following changes (underscore are additions; strikethrough are deletions):

Independent Accountants’ Report on Applying Selected Agreed-Upon Procedures

[Appropriate Addressee]:

We were engaged by *[identify the engaging party, such as XYZ Company]* to apply procedures to *[identify the intended purpose of the engagement including the subject matter and criteria]*. XYZ Company *[and/or other responsible party(ies), as appropriate]* is responsible for the selection of the subject matter as *[identify the subject matter]* *[and for the subject matter, respectively if the parties are different]*. ~~Neither we nor the Company take responsibility for the sufficiency of the procedures for the purpose of *[identify the purpose of the engagement]*~~ The sufficiency of the procedures enumerated below for the intended purpose are the responsibility of XYZ Company *[and/or other responsible party(ies), as appropriate]* *[or were agreed to by XYZ Company *[and/or other responsible party(ies), as appropriate]* for the intended purpose. Consequently, we make no representation regarding the sufficiency of these procedures for any purpose or to any parties.* 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, as such, users are responsible for the sufficiency of the procedures for their ~~intended~~ purpose.

This ~~selected~~ agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we apply only the agreed-upon procedures to the subject matter of the engagement and issue a written report that describes ~~the~~ those procedures applied and all our findings. ~~We were not engaged to and did not conduct~~ The objective of an agreed-upon procedures engagement differs significantly from an examination or review, the objective of which would be those engagements being the expression of an opinion or conclusion, respectively, on the *[identify the subject matter]* based on our executing against more rigorous requirements. Accordingly, we do not express such an opinion or conclusion. ~~Had we performed additional procedures, other matters might have come to our attention that would have been reported.~~

The procedures and related findings are as follows. *[For purposes of reporting the findings, exceptions of \$1,000 or less resulting solely from the rounding of amounts disclosed] are not considered findings.]*

[Include paragraphs to enumerate procedures and findings.]

[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]

This report is intended solely for the information and use of *[specified party(ies)]* and is not intended to be and should not be used by anyone other than this (these) party(ies).

[Accountants’ signature]

[Accountants’ city and state]

[Date of accountants’ report]

APPENDIX C – DECISION TREE

