

December 1, 2017

Mike Glynn
mike.glynn@aicpa-cima.com
AICPA Accounting and Review Services Committee

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

Dear Mr. Glynn:

Crowe Horwath LLP appreciates the opportunity to comment on the Exposure Draft of the Proposed Statement on Standards for Attestation Engagements: *Selected Procedures* ("Proposed Standard"), prepared by the Accounting and Review Services Committee of the AICPA ("Committee" or "AICPA").

We support the Committee's effort to provide more flexibility for practitioners to perform services that are similar to agreed-upon procedures but which can be applied in more situations. We believe the Proposed Standard addresses a need in the marketplace and will allow companies another avenue by which to provide information deemed meaningful to their stakeholders. We are pleased to provide our observations regarding the Proposed Standard.

Our observations are cross-referenced to specific paragraph language within the Proposed Standard, Application Guidance, Illustrations, or specific questions, where relevant.

Nature of the Proposed Service and Development of the Procedures to Be Performed

We believe the Proposed Standard does provide flexibility regarding the development of the procedures to be performed. Specifically, the ability for the procedures to be determined or changed over the course of the engagement by the engaging party, the practitioner and others, provides significant flexibility in contrast to an agreed-upon procedures engagement.

In contrast to the requirements of an agreed-upon procedures engagement, we agree with the Proposed Standard that no party would be required to take responsibility for the sufficiency of the procedures. We agree with the reporting requirement in paragraph 53e in the Proposed Standard to include: "An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility." However, we note that in all six report illustrations, the disposition of this requirement is to report that neither the practitioner nor the engaging party take responsibility for the sufficiency of the procedures. We recommend that at least one of the report illustrations be modified to include language whereby one of these parties, or another party, does take such responsibility.

We believe the Proposed Standard provides sufficient guidance on the requirement to report the general limitations of a selected procedures engagement. While the Application Guidance provides some examples of more specific limitations that may exist in Paragraph A95, it might be helpful to include a sample paragraph in one of the six report Illustrations.

Use of the Report

As stated in the opening paragraphs of this letter, we support the creation of an attestation engagement that results in general-use selected procedures reports. This provides greater flexibility for companies that wish to provide broader information to their stakeholders. One of the objectives of the standard is to provide flexibility including in the development of the procedures to be performed. Thus, we don't believe the practitioner should be required to report on the party or parties that developed the procedures. This does not seem important to a user's ability to understand the procedures and findings.

Proposed Standard Versus an Agreed-Upon Procedures Engagement and Proposed Effective Date

While we support the creation of this new attestation engagement standard, we recommend that no major changes be made to the attestation standard for agreed-upon procedures (AUP) engagements. As we understand it, this Proposed Standard is not a reflection of flaws within the existing AUP engagement standard. The extant AUP standard is widely used and well understood; thus, we believe it should be retained in its current state.

The proposed effective date appears to be appropriate.

Feedback on Illustrative Reports

We note and agree with the reporting requirement to include "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." We understand that this requirement is intended to reduce the risk that a user may misunderstand the selected procedures report. However, we observe that in the report example Illustrations 2 through 6, this language is provided in the first paragraph, as part of the identification of the intended purpose of the engagement, and is repeated word-for-word in a paragraph later in the report. That paragraph also includes the additional language: "and, as such, users are responsible for the sufficiency of the procedures for their intended purpose." We believe that the language included as an illustration of the requirement from paragraph 53*f* is sufficient, and that the duplicative language in the opening paragraph could be removed.

In report Illustration 3, we observed a general procedure described as "Noted that the sales transaction dates... on the... schedules occurred... by viewing the sales transaction dates". The action description of "Note" is included in Application Material paragraph A67 as a term that is generally not acceptable because it is not sufficiently precise or may have an uncertain meaning. Further, we interpreted this procedure as agreeing sales listed as FY 20X1 sales to another source of data that listed sales transaction dates; however, that other source of data was not cited. Thus, we suggest an alternate description of this procedure, such as "Agreed the FY 20X1 CO₂ sales on the "Sales by Product Type" schedules to the [describe source] listing of FY 20X1 sales transaction dates."

In report Illustration 3, we recommend that the example wording for paragraph 53*i* labeled as "Reservations Concerning Procedures" be included as an example of paragraph 53*k* requirements, which are "Limitations on procedures or findings, if applicable".

In report Illustration 5, we recommend replacing the wording in the findings for procedures 2 and 6 be revised from "The Treasurer confirmed..." to "The Treasurer stated...".

Application Material paragraph A93 indicates that "If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner's report might instead state that the selected procedures did not constitute an audit or a review of financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or a part thereof". For report Illustration 6, "Selected Procedures Report Related to a Financial Statement Element", we recommend using A93 guidance in the reporting example language provided to satisfy the reporting requirement of paragraph 53*h*.

Other Feedback

On page 51 of the Exposure Draft, the application content related to *Limitations on Items of Interest and Needs of Users* is referenced to paragraph 53e. We believe it should be referenced to paragraph 53f.

Crowe Horwath LLP supports the Committee's efforts to create a new standard to provide flexibility to companies that wish to provide broader information to their stakeholders. We would be pleased to respond to any questions regarding our observations noted within this letter. If there are any other questions regarding this subject, please contact Michael G. Yates at (574) 236-7644.

Sincerely,

Crowe Horwath LLP

Crowe Horwath LLP