

December 1, 2017

Michael P. Glynn  
Senior Technical Manager Audit and Attest Standards  
Staff Liaison – Accounting and Review Services Committee  
American Institute of CPAs  
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RE: Proposed Statement on Standards for Attestation Engagements *Selected Procedures*

Dear Mr. Glynn:

The views expressed herein are written on behalf of the Professional Standards Committee of the Texas Society of CPAs. The Professional Standards Committee has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our comments below on the above referenced exposure draft.

**Specific 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.

**TSCPA Response:**

The committee does not think that it is in the public's interest for no one to accept the responsibility for the sufficiency or adequacy of procedures performed during an engagement. Historically, this has been the client's responsibility. The committee is concerned that with no specified responsible party, unknown users of the engagement report would infer that the auditor is responsible. It is difficult to think of a specific example of an engagement that should be performed under the proposed standard.

**Specific 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.

**TSCPA Response:**

The proposed standard could be improved by including definitions of "purpose" of the engagement. While the revised standard does provide flexibility during the engagement, additional guidance concerning practitioner requirements would improve clarity of the standard.

**Specific 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?

**TSCPA Response:**

No, we do not agree with the proposal that no party would accept responsibility for the sufficiency of procedures in an agreed-upon procedure engagement. The client is sometimes not knowledgeable enough to determine sufficiency and/or adequacy of engagement procedures. There could be circumstances when the CPA has to determine which procedures are needed to meet the engagement objectives. However, the client is ultimately responsible for the sufficiency of the procedures.

**Specific 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.

**TSCPA Response:**

- a. If the standard is going to allow no one to take responsibility for the sufficiency of the procedures, then the guidance provided is adequate for the purpose intended.
- b. The proposed standard provides adequate guidance.
- c. The proposed standard provides adequate guidance.
- d. The proposed standard provides adequate guidance for communication to a third party.

**Specific Request for Comment 2A:**

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

**TSCPA Response:**

Selected procedure reports should be used by the specific users for which the engagement was performed. Other users of the selected procedure reports may not know or understand the circumstances for which the engagement was performed. General use should be restricted to full audit procedure reports.

**Specific 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?

**TSCPA Response:**

If general-use selected procedures reports are permitted, additional language should be included that would limit the legal liability of the auditor in circumstances where no one accepts responsibility for the sufficiency of procedures.

**Specific 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?

**TSCPA Response:**

This is a substantial departure from previous guidance that requires specific wording about engagement responsibilities. It is always a good idea to obtain a written assertion from the client for a selected procedures engagement, even if not required. The concern with not requiring a written assertion is that it provides an opening for perceived responsibility on the part of the CPA. It would be helpful to see examples of selected procedure engagement letters that do not contain assertions on the part of management.

**Specific 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.

**TSCPA Response:**

The management representation letter currently required by the standards includes the necessary assertions. Additional representations would be determined by the selected procedures of the engagement.

**Specific 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.

**TSCPA Response:**

The proposed standard should be market driven, if adopted at all. Selected procedure engagements are for specific users and should not be performed for general use. The proposed standard should only apply when no party is accepting responsibility for determining the sufficiency and adequacy of the procedures.

**Specific 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.

**TSCPA Response:**

This is a fundamental departure from previous guidance. So if adopted, the proposed standard should be a stand-alone section.

We appreciate the opportunity to provide input into the standards-setting process.

Sincerely,



Ken Sibley, CPA  
Chair, Professional Standards Committee  
Texas Society of Certified Public Accountants