

November 29, 2017

Mike Glynn, Senior Technical Manager  
AICPA Accounting and Review Services Committee  
American Institute of Certified Public Accountants  
220 Leigh Farm Road  
Durham, NC 27707-8110

Dear Mr. Glynn:

The North Carolina Association of Certified Public Accountants ("NCACPA"), representing over 20,000 North Carolina CPAs in public practice, industry, government, and education, regularly interacts with the Financial Accounting Standards Board, the American Institute of Certified Public Accountants and other institutions to give North Carolina CPAs a voice in the development of accounting and auditing standards. On behalf of the NCACPA's Accounting and Attestation Committee, we would like to express our Committee's overall approval and support for the recent Exposure Draft for the Proposed Statement on Standards for Attestation Engagements, *Selected Procedures*.

We agree that this standard will provide flexibility to practitioners and will give practitioners a good option to deliver a service that users will appreciate.

Our major concern is as follows:

It appears that the selected procedures that are agreed to and get reported on can be changed up until report issuance. This may lead a client to pressure the CPA to not include pertinent information that may cast a negative light on the company or organization.

Please see below for discussion about the specific questions raised in the Exposure Draft.

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

1A – We believe that expansion of the practitioner's ability to perform procedures is warranted. A specific example of an engagement that might be performed would be due diligence for an acquisition, either for a purchaser or the bank for financing.

1B – Yes, we believe that the proposed standard meets the objective of providing flexibility.

1C – Yes, we believe that the ultimate user of the selected procedures report will decide for themselves if the procedures are sufficient (i.e. the lender). Even if the client assumed responsibility for the sufficiency of the procedures, they may not be sufficient for another third-party user.

1D – We believe the requirement that the proposed report include a statement, *the procedures performed may not address all items of interest to a user and may not meet the needs of all users and, as such, users are responsible for determining the sufficiency of the procedures for their intended purpose*, appropriately addresses situations *a.*, *b.*, *c.* and *d.*

## **Issue 2 – Use of the Report**

2A – We agree with the permission of general use selected procedures reports. At the time of writing the report it is not always known who the ultimate users will be.

2B – We believe that the disclosure of the party or parties that determined the procedures should be required. This will increase the transparency of the report. We believe that this disclosure could be a class of persons, such as "Board of Directors", "Client Management", "Practitioner", "Lender", etc. as opposed to naming specific individuals or institutions.

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

3A – Yes, 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. This is consistent with the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and multiple other parties. Furthermore, in an engagement where the responsible party and engaging party are different (i.e. a due diligence engagement) assertions from the engaging party are not very helpful as they have no knowledge of the subject matter. Also, since any party can determine the selected procedures to be performed, there cannot be an assertion by the client.

3B – We agree that additional representations other than those in the requirements are not needed.

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

4A – Yes, we believe that the proposed standard should be market-driven.

4B – We believe that the differences between this proposed standard and the current Agreed-Upon Procedures standard will be confusing to practitioners, users, and peer reviewers. Thus, we believe that this should be a stand-alone standard AT – C 220. The intent and purpose of 220 compared to 215 are significantly different. We believe it would be very confusing to practitioners to have 215 amended.

Thank you for the opportunity to provide feedback on this proposed standard. If you would like additional discussion with respect to the above comments, please contact Nick Lombardi, Chair of the NCACPA Accounting & Attestation Committee, at 919-872-1260.

Sincerely,



Nicholas Lombardi, Jr., CPA  
Chair, NCACPA Accounting & Attestation Committee

CC: NCACPA Board of Directors  
NCACPA Accounting & Attestation Committee  
Sharon H. Bryson, M.Ed., NCACPA CEO  
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