



March 30, 2018

Ms. Sherry Hazel  
Audit and Attest Standards Team  
AICPA  
1211 Avenue of the Americas, 19th Floor  
New York, NY 10036-8775

**Re: November 28, 2017 ASB Exposure Draft (ED), *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports***

Dear Ms. Hazel:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC has reviewed the ED and is providing the following comments for your consideration.

#### **GENERAL COMMENTS**

TIC appreciates the effort the Auditing Standards Board (ASB) put forth to develop this proposed SAS, which is part of the ASB's overall convergence efforts. TIC also believes that, if issued as a final standard, the proposed SAS will benefit users of audited financial statements and other information in the following ways:

- By improving audit quality by bringing greater consistency regarding auditors' consideration of other information and reducing diversity in practice with respect to documents that are considered to be within the scope of the proposed SAS;
- By increasing the value of the audit, without changing its scope, in a cost-beneficial manner, through enhancing the auditor's responsibility with respect to the other information; and
- By narrowing potential or existing expectation gaps through requiring auditors to articulate in their reports their responsibilities under the proposed SAS, and the outcome of their work relative to the other information

TIC's additional detailed comments are provided in the specific comments section below.

## SPECIFIC COMMENTS

**Question 1:** *Do the proposed revisions clarify the scope of documents required to be subjected to the auditor's procedures? If you believe additional revisions or guidance is necessary, please be specific and provide reasons why additional revisions or guidance is necessary.*

Yes, TIC believes that paragraphs 1 and A1 identify the Other Information and specifies that if the auditor is unable to ascertain the purpose of a document or if it will be issued, it isn't considered Other Information.

**Question 2:** *Does the proposed requirement for the auditor to determine, through discussion with management, and obtain management's written acknowledgment regarding, which document or documents make up the annual report, and the entity's planned manner and timing of the issuance of such documents appropriately achieve the intent of ensuring that both the auditor and management understand the documents that are considered to constitute the entity's annual report and therefore are subject to the auditor's procedures required by the proposed SAS?*

TIC believes that the proposed requirements for the auditor to determine, through discussion with management, and obtain management's written acknowledgment regarding which document or documents make up the annual report and the entity's planned manner and timing of the issuance of such documents appropriately achieve the intent noted above.

**Question 3:** *Will the work effort required by the proposed standard, in view of the proposed definitions, result in an improvement of the auditor's understanding of the auditor's responsibility for other information and, as a result, enable the auditor to perform a more thorough reading and challenging of statements included in (or omitted from) the other information that are inconsistent with the audited financial statements or the auditor's knowledge obtained as part of the audit? Does the proposed SAS provide adequate guidance with respect to the auditor's consideration of omitted or obscured information?*

Yes, TIC believes the additional work effort would provide an improved understanding of the auditor's, and management's, responsibilities. TIC believes there also is adequate guidance concerning omitted or obscured information.

**Question 4:** *Does the proposed SAS provide adequate guidance for group auditors when a group auditor decides to make reference to a component auditor in the auditor's report on the group financial statements?*

Yes, TIC believes that adequate guidance is provided for group auditors when a group auditor decides to make reference to a component auditor in the auditor's report on the group financial statements.

**Question 5:** *Does the proposed requirement for the auditor to include a separate section in the auditor's report addressing other information appropriately convey the nature and extent of the*

*auditor's consideration of other information without inappropriately implying that the auditor has obtained assurance on or is expressing an opinion or conclusion on the other information?*

Yes, TIC believes the proposed report examples appropriately and clearly identify the other information and the auditors' responsibilities. The report is clear in that it indicates that the auditor does not express an opinion or any assurance on the Other Information.

#### **ADDITIONAL COMMENT**

TIC believes that the intent of this ED was to scope out the data collection form provided to the Federal Audit Clearinghouse that is frequently prepared by not-for-profit and governmental entities, so perhaps this could specifically be added to the bullet points list in paragraph .A9 as it is a common form of other information provided in practice and there could be some confusion in practice as to whether or not this type of information would be classified as Other Information for purposes of this standard.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Westervelt". The signature is written in a cursive, slightly slanted style.

Michael A. Westervelt, Chair  
PCPS Technical Issues Committee  
cc: PCPS Executive and Technical Issues Committees