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Mike Glynn
Senior Manager
AICPA Audit and Attest Services

Re: AICPA Proposed Statement on Auditing Standards, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*

Dear Mr. Glynn,

The Association of Local Government Auditors (ALGA) appreciates the opportunity to respond to the AICPA's proposed statement on auditing standards *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* exposure draft. ALGA represents more than 350 organizational members comprised of more than 2,500 individuals. This topic is of interest to our members, and we encourage individual audit organizations and members to comment independently should they choose to do so.

We have reviewed the exposure draft in its entirety and believe that the planned revisions offer practical benefits to both the auditors and users of audited financial statements. Our answers to each of the five questions presented in the exposure draft are as follows:

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. The proposed revisions, including the title of the proposed statement on auditing standards (SAS), clarify the scope of documents required to be subjected to the auditor's procedures.
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?*** Yes. The proposed requirement appropriately achieves 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 required procedures.

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?*** Yes. The proposed definition of *misstatement of the other information* expands and clarifies the auditor's responsibilities with respect to other information. This helps improve the auditor's understanding of such responsibilities and promote a critical review or inquiry of statements included or omitted from the other information that are inconsistent with the audited financial statements or the auditor's knowledge obtained during the audit.

Does the proposed SAS provide adequate guidance with respect to the auditor's consideration of omitted or obscured information? To help improve on the guidance, consider adding in paragraph A13 the auditor's responsibility for obscured information similar to paragraph A12. Paragraph A12 provides sufficient guidance with respect to the auditor's responsibilities for omitted information.

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. Paragraph A38 of the proposed SAS provides sufficient guidance for group auditors when a group auditor decides to make reference to a component auditor's report on the group financial statements. The last part of the paragraph, which states "the group auditor's knowledge does not extend beyond that obtained by group auditor during the audit of the group financial statements" is particularly important because it sets a clear boundary on the auditor's knowledge and responsibility.
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. The proposed requirement for the auditor to include a separate section in the auditor's report addressing *other information* appropriately conveys 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/conclusion on the other information. This requirement addresses a key gap that is present in the extant AU-C section 720. Also, allowing use of the proposed heading "Other Information" or other appropriate heading gives the auditor flexibility in using the most appropriate heading for the other information.

Thank you for the opportunity to provide input in the review process.

Respectfully submitted,

Nicole Rollins
Chair, Professional Issues Committee

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