



May 12, 2018

AICPA Auditing Standards Board
Sherry Hazel at shazel@aicpa-cima.com

I have reviewed AICPA Proposed Statement on Auditing Standards, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* and have the following comments regarding the Issues for Consideration.

1. Do the proposed revisions clarify the scope of documents required to be subjected to the auditor's procedures? *The discussion in this exposure draft addresses an annual report that contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. It would be very helpful for the ASB to include explanatory material for the applicability of this proposed SAS when a) an annual report contains financial statements without the auditor's report, and b) an annual report contains summarized financial information or partial financial statements (such as just presenting a statement of activities with no other financial information). The information in A9 is very helpful as to addressing what is not within the scope of this proposed SAS.*

2. Does the proposed requirement for the auditor to determine through discussion with management, and obtain management's written acknowledgement 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 auditors procedures required by the proposed SAS? *I believe the objective is achieved that, given the requirements in this proposed SAS, both the auditor and management should understand the scope of the other information that the auditor will perform 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 a part of the audit? Does the proposed SAS provide adequate guidance with respect to the auditor's consideration of omitted or obscured information?

See comments under 1. for clarification needed regarding the auditor's responsibility regarding information included in an annual report that is other than the financial statements and the auditor's report thereon.

In A12, it states that the auditor is not responsible for “searching for omitted information”; this is unclear as to whether the ASB means “the auditor is not responsible to search for instances or circumstances where information is omitted causing the other information to be misleading” (which seems contradictory to requirements in this proposed SAS) or the ASB means “the auditor is not responsible to provide information, omitted by management, that is necessary to be included to prevent the other information to be misleading” (which seems logically inconsistent). I am unclear as to the objective of the statement “the auditor is not responsible for searching 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? *A38 seems straightforward and adequate.*

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 the other information?

The first two paragraphs under the Other Information section are direct and clear (described in 23a-c). Then the third paragraph (described in 23d&e) says that the auditor did something, including considered materiality and knowledge obtained; this seems to “undo” what was directly said about the auditor’s opinion. While auditors understand the difference between performing procedures and issuing an opinion, most users are not going to understand the subtle distinction. I recommend that the language stop after the second paragraph of “. . . not express an opinion or any form of assurance on it.”

For Illustrations 2-4 I recommend eliminating the third paragraph and in the fourth paragraph, just eliminate the phrase “based on the work we have performed”.

I know that the ASB is not the SSARS and is not responsible for professional standards for compilations. I would like to think that there could be some consistency across our professional standards. Consider the compilation report that has similar procedures required regarding information: read it, identify any material inconsistencies with information the accountant vs. auditor has knowledge of the client, industry, and financial reporting framework vs. obtained during the audit and if no changes are required report that no assurance provided. The compilation report does not describe the requirements of professional standards when performing a compilation. I think the auditor’s report on other information, for which the auditor is not opining on, nor takes responsibility for, should just state as such and end without additional narrative to clutter the issue.

6. Additional comments for your consideration:

A19 references that the auditor may communicate to those charged with governance “the possible implications when the other information is obtained after the date of the auditor’s report”. What are those consequences?

A20 discusses that the final version of other information is the version which those charged with governance have approved. What about circumstances when management is issuing the other information to those charged with governance and no one else? (such as management of a government program issuing an annual report on the program to the

governing body; or such as management of a nonprofit issuing an annual report only to the Board of Directors but not to the general public)

13c When some or all of the documents that compose the annual report will not be available until after the date of the auditor's report, and the auditor is required to complete procedures with regard to those documents, it would be helpful to acknowledge (even if by reference) what the auditor should do when those procedures extend beyond the file lockdown date.

A49 identifies actions the auditor may take when the auditor may not be able to conclude whether a material misstatement of the other information exists. However, if the auditor has already issued the auditor's report, describing a limitation imposed by management or withdrawing from the audit are not options. 20b and A56 are more expansive, perhaps the information in 20b and A56 could be included in A49 (even if by reference).

Respectfully,

A handwritten signature in blue ink that reads "Laura Lindal CPA". The signature is written in a cursive, flowing style.

Laura Lindal, CPA