

May 15, 2018

Mike Glynn
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AICPA Auditing Standards Board

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

Dear Mr. Glynn:

Crowe Horwath LLP appreciates the opportunity to comment on the Exposure Draft of the Proposed Statement on Auditing Standards: *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* ("Proposed Standard"), prepared by the AICPA Auditing Standards Board ("ASB").

We support the ASB's efforts to enhance and clarify the auditor's responsibilities relating to other information included in annual reports and to achieve harmonization with international auditing standards. We believe the Proposed Standard will promote consistency and improve audit quality. We are pleased to provide our observations regarding the Proposed Standard.

Our observations are cross-referenced to specific paragraph language within the Proposed Standard, Application Guidance, Illustrations, or specific questions, where relevant.

Scope of Proposed Standard

We agree that the proposed revisions clarify the scope of information that is required to be subjected to the procedures in the Proposed Standard. We agree that in practice, extant AU-C section 720 is often applied more broadly than intended, to cover "other information" that is not included in annual reports. Though we agree with the clarified scope, we believe the proposed revisions leave a gap in guidance for how auditors should address "other information" that is not supplementary information (AU-C 725), required supplementary information (AU-730), part of an exempt offering (AU-C 945), or included in an annual report, as defined in the Proposed Standard. We note that Paragraph 2 of the Proposed Standard indicates that "This proposed SAS also may be applied... to other documents to which the auditor, at management's request, devotes attention." We believe that many auditors will choose *not* to apply the Proposed SAS to such information based on a cost-benefit assessment. Thus, while we feel the Proposed Standard will *enhance* auditor's efforts with respect to "other information" within its scope, an unintended consequence may be that it will *reduce* auditor's efforts with respect to "other information" not explicitly within its scope.

Reading and Considering the Other Information

We believe that extant AU-C section 720 is sufficiently clear regarding the auditor's responsibility to determine if the other information is materially inconsistent with the financial statements or the auditor's knowledge obtained in the audit. Thus, generally we don't believe there will be a significant change in auditor responsibilities or procedures as a result of the Proposed Standard. However, the expansion of the standard to clarify that the auditor should evaluate the other information specifically related to the omission of certain information or to a presentation that may obscure relevant other information may refocus the mindset of the auditor, resulting in a more thorough reading and evaluation of the other information. We believe the Proposed Standard provides adequate guidance with respect to the auditor's consideration of omitted or obscured information, specifically via application paragraphs A12 and A13. We also believe the Proposed Standard provides sufficient clarification of the auditor's responsibility when referring to a component auditor in a group audit.

Related to the requirement to read the other information and consider whether there are material inconsistencies or misstatements, we appreciate the inclusion of paragraphs A28 and A29. The successful implementation of this Proposed Standard will be dependent upon the performance of the required procedures by the appropriate individual(s) on the audit engagement team. While the referenced standards of AU-C sections 200 and 220 are not new, we believe their proper application is critical in carrying out the auditor's responsibility relating to other information included in annual reports.

Reporting and Other

The Proposed Standard requires the auditor to report on the "other information" when, at the date of the auditor's report, the auditor has obtained "some or all of the other information". We believe this requirement is clear and appropriate related to the information the auditor has obtained as of the auditor's report date. We concur that there should be no reporting requirement for other information identified and within the scope of the Proposed Standard which is incomplete as of the date of the auditor's report. Further, the Illustrations of other information sections to be included in auditor's reports provide examples to address a number of difference scenarios. We recommend that the ASB add an illustrative example of the "other information" section of the auditor's report to provide clarity on how to apply .A59, when the auditor chooses to identify other information that the auditor expects to obtain after the date of the auditor's report. Further, we suggest that, in the final standard, the ASB provide each report illustration as one paragraph. In the context of a complete audit report, which may include additional other matter or emphasis of matter paragraphs, having four paragraphs in the section of the report on other information seems visually distracting.

The proposed effective date appears to be appropriate.

Crowe Horwath LLP supports the ASB's efforts to clarify the auditing standards, to promote consistency and reduce diversity in auditor practice, to improve transparency to users of other information included in annual reports, and to achieve harmonization with international auditing standards. We would be pleased to respond to any questions regarding our observations noted within this letter. If there are any other questions regarding this subject, please contact Michael G. Yates at (574) 236-7644 or Linda Poeschel at (630) 586-5268.

Sincerely,

Crowe Horwath LLP

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