October 10, 2018

Ms. Sherry Hazel
AICPA Auditing Standards Board
1211 Avenue of Americas
New York, New York 10036 – 8775

RE: Comments on Exposure Draft – Revisions on Statement on Standards for Attestation Engagements No. 18: Attestation Standards: Clarification and Recodification

A-LIGN appreciates the opportunity to comment to the Auditing Standards board on the Revisions on Statement on Standards for Attestation Engagements No. 18: Attestation Standards: Clarification and Recodification.

As a global firm, A-LIGN understands and appreciates the AICPA’s effort to converge its standards with the International Auditing and Assurance Standards Board (IAASB). Below are the comments A-LIGN has prepared in response to the specific Requests for Comments by number contained within the exposure draft.

Request for Comment 1

Please provide your views on the proposed changes noted below. Specifically, indicate whether you believe the proposed changes to the attestation standards are understandable and whether the application guidance is helpful in applying the new proposed requirements.

   a. No longer requires the practitioner to request a written assertion from the responsible party when the practitioner is reporting directly on the subject matter
   b. Adds a statement to the practitioner’s report regarding independence

Comment 1:

The proposed changes are understandable, and the application guidance is helpful in applying the new proposed requirements.

   a. As stated in the original version of the SSAE 18 standard, an attestation engagement is predicated on the concept that a party other than the practitioner (the person or persons conducting the attestation engagement, usually the engagement partner or other members of the engagement team, or as applicable, the firm) makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. As such, the original version of Section 205 - Examination engagements, Section 210 - review engagements and Section 215 – AUPs requires the practitioner to obtain a written assertion. Accordingly, A-LIGN suggests that the requirement for the practitioner party to request a written assertion from the responsible party (the party(ies) responsible for the subject matter), even when the practitioner is reporting directly on the subject matter not be removed.
b. A-LIGN conceptually agrees with bringing the attestation standards in alignment with ISAE 3000. However, A-LIGN agrees with the following concerns noted in the dissenting opinions within the exposure draft. There are concerns related to independence that have not been fully resolved, including concerns that changes to the attestation standards challenge certain standards in the AICPA Code of Professional Conduct (‘the code’), and whether the code fully contemplates the types of services being envisioned by the proposed standard and the independence required of the practitioner to perform such services (for example, new services may pose threats to the independence of the practitioner).

Request for Comment 2

Please provide your views on the proposed changes noted below. Specifically, indicate whether you believe the proposed changes are understandable and whether the application guidance is helpful in applying the new proposed requirements.

With respect to paragraph. A81 of proposed AT-C section 205 and paragraph. A68 of proposed AT-C section 210, do the application paragraphs provide sufficient guidance to enable a practitioner to supplement or expand the content of the practitioner’s report if the practitioner wishes to do so? If not, what additional guidance is needed?

a. Adds a requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria
b. Requires the practitioner to determine whether management has a reasonable basis for its assertion when management provides an assertion
c. Acknowledges the practitioner’s ability to add information to the practitioner’s report that goes beyond the minimum report elements required by AT-C sections 205 and 210

Comment 2:

a. A-LIGN understands adding a requirement for the practitioner to request a written representation stating whether the subject matter has been measured or evaluated against the criteria. However, for most examinations A-LIGN assists with, (A-LIGN does not perform limited assurance engagements) the responsible party will not have measured or evaluated the subject matter and therefore A-LIGN does not believe this proposed change would be a practical requirement in most examinations. Typically, the responsible party will not have the expertise to measure the subject matter against the criteria. In most examination engagements, A-LIGN believes that it would not be appropriate to have a client (typically the responsible party) sign off on having measured the subject matter against the criteria and that assertion letters should
continue to use the same language and guidance provided within the original SSAE 18 standard.

b. A-LIGN agrees with the change and requirement that a practitioner determine whether management has a reasonable basis for its assertion when management provides an assertion letter, which, per A-LIGN’s response to Comment 1, should be required for examination engagements.

c. A-LIGN understands the proposal regarding adding information to the practitioner’s report that goes beyond the minimum elements but would like to see illustrative examples of how this would be applied and the types of information that could be included beyond the minimum report elements required by AT-C sections 205 and 210. A-LIGN agrees with the proposed treatment of this added information included within the opinion letter as it is being handled in the same way “Other Information” has historically been handled in SOC reports - the opinion letter clearly states testing has not been performed and an opinion has not been expressed on these matters.

Request for Comment 3

Please provide your views on the proposed changes to AT-C section 205 as noted below. Specifically, please indicate whether you believe the proposed changes are understandable and whether the application guidance is helpful in applying the new proposed requirements.

Eliminates the required report modification resulting from the practitioner’s inability to obtain one or more requested written representations.

Comment 3:
The proposed changes are understandable, and the explanation describes how this change would be applied. Per the revised standard, if a practitioner determines that the contents of a management representation letter or management assertion can be verified by the practitioner without the signed documents, the practitioner is allowed to issue an unmodified opinion. A-LIGN believes it is unlikely this change will be utilized frequently, as fraud related assertions and other matters for which it is not possible to apply tests of controls are sometimes included in representation letters.

Request for Comment 4

Proposed Changes That Affect Only Review Engagements

A-LIGN does not perform review or limited assurance engagements as defined by the AICPA, therefore, the firm declines to respond to Request for Comment 4.
Request for Comment 5

Please provide your views on the proposed changes to AT-C section 215 as summarized below. Please indicate whether you believe the proposed changes are understandable and whether the application guidance is helpful in applying the new proposed requirements. Further, please specifically consider the following questions in your response:

a. **Is the proposed expansion of the practitioner’s ability to perform procedures and report in a procedures-and-findings format beyond that provided by AT-C section 215 needed and in the public interest?**

b. **Do the proposed revisions to AT-C section 215 appropriately address the objective of providing increased flexibility to the practitioner in performing and reporting on an agreed-upon procedures engagement while retaining the practitioner’s ability to perform an agreed-upon procedures engagement as contemplated in extant AT-C section 215?**

c. **Do you agree with the proposed revision to AT-C section 215, whereby no party would be required to accept responsibility for the sufficiency of the procedures and, instead, the practitioner would be required to obtain the engaging party’s acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement?**

Comments 5:

a. While change provides incremental value, this proposal does not meet the needs of the potential users of the report based upon valid points A-LIGN shares within several of the dissenting opinions we were asked to consider. A-LIGN agrees with the dissenting opinion that the proposed amendments are too extensive and eliminate key elements that are still relevant to practitioners’ considerations of whether and how to perform an AUP engagement.

A-LIGN also agrees with the dissenting opinion that the proposed standard should establish an explicit framework to help practitioners consider how to design and perform an AUP engagement, including consideration of which parameters would be appropriate in various circumstances.

It is important for the proposed standard to set out reporting requirements and illustrative examples that outline the nature of the engagement that was performed and the circumstances so that it is clear what guidance to follow. It is important that users of a report have transparency about responsibility for the sufficiency of procedures performed.

b. While we do agree that the proposed changes add flexibility, we agree with the dissenting opinion that the proposed changes provide too much flexibility because the changes eliminate many of the requirements and application guidance that currently apply to AUP engagements. For example, the
proposal would not prohibit the practitioner from taking responsibility for the sufficiency of procedures performed, which would require a conclusion that the procedures were appropriate for the user’s purpose. Such a conclusion would be inconsistent with an engagement where no assurance is obtained. We agree with the existing standard that states an AUP report is a “findings based” and not an “opinion based” report.

c. We do agree with the concept that the engaging party would sign an acknowledgement that the procedures performed were appropriate for the purpose. That said, per response b., A-LIGN does not feel that there should be flexibility in this. The practitioner, should not be drawing an opinion of whether or not the procedures were sufficient in a findings based report.

Request for Comment 6:

Should AT-C section 210 of this proposed SSAE continue to prohibit the practitioner from performing a limited assurance engagement on (a) prospective financial information; (b) internal control; or (c) compliance with requirements of specified laws, regulations, rules, contracts, or grants? Please explain the rationale for your response.

A-LIGN does not perform review or limited assurance engagements as defined by the AICPA, therefore, the firm declines to respond to Request for Comment 6.

Request for Comment 7:

Are respondents supportive of the proposed effective date, specifically the prohibition of early implementation? Please provide reasons for your response.

A-LIGN agrees with the effective date and prohibition of early implementation. A-LIGN believes that the early adoption of certain changes, particularly in the area of AUP engagements, could lead to confusion for the users of the reports.

Sincerely,

A-LIGN