October 11, 2018

Sherry Hazel
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

RE: AICPA Exposure Draft Proposed Revisions to SSAE No. 18

Dear Ms. Hazel:

In response to the American Institute of Certified Public Accountants’ (AICPA) request for comments on its exposure draft, Revisions to Statement on Standards for Attestation Engagements (SSAE) No. 18, Attestation Standards: Clarification and Recodification, Kearney & Company, P.C. has provided the following comments.

Request for Comment 1

Please provide your views on the proposed changes discussed in the preceding section. 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.

Kearney’s Response

We agree with the proposed changes in the exposure draft.

Request for Comment 2

Please provide your views on the proposed changes discussed in the preceding section. 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?
Kearney’s Response

The AICPA could provide clarity addressing whether “additional information” needs to be included in the body of the report or if it can be presented as an appendix or supplement to the report. An illustrative example of the outline or structure of a report when additional information is included would be helpful. Additionally, an illustrative report for an adverse opinion would be helpful.

Request for Comment 3

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

Kearney’s Response

We agree with the proposed changes in the exposure draft.

Request for Comment 4

Please provide your views on the proposed changes to AT-C section 210 as discussed in the preceding section. Specifically, please indicate whether you believe the proposed changes are understandable and whether the application guidance is helpful in applying the new proposed requirements.

Are the illustrative reports clear and understandable with respect to the differences between a limited assurance engagement and an examination engagement?

What are the potential benefits or implications of requiring the practitioner to include a description of the procedures performed in a limited assurance engagement?

Also, please provide your views regarding whether an adverse conclusion is appropriate in a limited assurance engagement.

Kearney’s Response

We agree with the proposed changes in the exposure draft.

Request for Comment 5

Please provide your views on the proposed changes to AT-C section 215 as discussed in the preceding section. 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:
1. 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?
2. 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?
3. 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?

Kearney’s Response

We agree with the proposed changes in the exposure draft.

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.

Kearney’s Response

We do not believe that AT-C Section 210 of this proposed SSAE should continue to prohibit the practitioner from performing a limited assurance engagement on certain subject matter. In the extant standard, the three prohibition areas were logical, in that they did not readily lend themselves to analytic procedures and inquiry. In the proposed limited assurance engagement, a practitioner would be allowed to perform examination-like procedures, and the three prohibition areas do lend themselves to examination-like procedures. The practitioner will need to assess at what point examination-like procedures become, in fact, an examination. AICPA guidance in this area would be helpful if the existing prohibition was lifted.

Request for Comment 7

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

Kearney’s Response

We agree with the proposed effective date, specifically the prohibition on early implementation.
Thank you for the opportunity to comment on the revision to SSAE No. 18. If you have any questions about this letter or would like to discuss any of our responses, please contact Bill Kubistal (wkubistal@kearneyco.com) or Allison Shoemaker (ashoemaker@kearneyco.com) at 703-931-5600.

Sincerely,

Kearney & Company
Alexandria, Virginia