



August 14, 2017

Sherry Hazel  
AICPA Auditing Standards Board  
1211 Avenue of the Americas  
New York, NY 10036-8775

Via e-mail: shazel@aicpa.org

Re: Proposed Statement on Auditing Standards, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans subject to ERISA*

Dear Ms. Hazel:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Exposure Draft of Proposed Statement on Auditing Standards issued by the Auditing Standards Board. The FICPA has more than 20,000 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of approximately 23 members, of whom 48% are from local or regional firms, 26% are from large multi-office firms, 13% are sole practitioners, 9% are in international firms, and 4% are in education. The Committee has the following comments related to the issues posed:

1. We agree that the procedures and guidance will achieve the objectives of enhancing execution and consistency in engagements where an ERISA-permitted audit scope limitation is imposed. We do not believe there are any procedures missing that should be required.
2. The Committee agrees the form and content of the proposed auditor's report, including the form and proposed content of the new form of opinion will provide improved transparency, will better describe management's responsibilities for the financial statements and will provide sufficient clarity to users with respect to the auditor's responsibilities and matters reported. However, the auditor's understanding is required under current professional standards for ERISA-permitted limited scope engagements.
3. The guidance in paragraphs 31 and 34 of the proposed SAS is both clear with respect to the auditor's responsibilities and achieves the objective of providing transparent reporting to the users. We also agree with the form and content of the example reports (nos. 5-7).
4. The Committee agrees the situations identified are appropriate for requiring the inclusion of emphasis-of-matters paragraphs in the auditor's report. However, we also believe the situations identified in the proposed SAS could be limiting the auditor. Numerous situations may exist in which there may be other information that is important to the user. Therefore, we recommend adding a general sentence that would allow the auditor to include an emphasis-of-matters paragraph at the auditor's discretion (similar to the language used in AU-C section 706.)
5. We strongly agree the current reporting of internal control deficiencies to those charged with governance is sufficient. We also believe there are no other reporting considerations the ASB should evaluate.
6. (1a-1c) The Committee agrees, with respect to the required procedures in paragraphs 15-16, these requirements will enhance the consistency and quality of the audit work. We recommend adding an explicit reference to AU-C section 530, Audit Sampling, to provide appropriate guidance on achieving these requirements and to what extent testing should be performed. (2a-2f) The Committee agrees, the reporting illustrations included in the Exhibits to the proposed SAS specific to reporting findings are clear

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and result in sufficient information to the user of the report. We would also recommend highlighting the auditor's opinion in this section of the report at the beginning of the section, rather than it being lost near the bottom of the section, or including it within a separate paragraph. As drafted, a reader might skip over this important point and only focus on the specific findings noted. An alternative to reporting the findings in the auditor's report would be to have a separate stand-alone report that would not be considered a part of the auditor's report. This separate report could be similar to the Schedule of Findings and Questions Costs (SFQC) required by *Government Auditing Standards*. If included in a separate report, consideration should also be given to including management's response or remedy to the findings within the separate report. Of course, reporting would also have to note that management's response has not been included in the audit procedures (once again similar to the SFQC). (3) The Committee believes the required additional procedures and reporting of findings will result in additional costs, however the potential benefits of enhanced audit quality would outweigh the costs.

7. We agree the proposed procedures in paragraphs 36-48 of the proposed SAS will achieve the objective of increased consistency with respect to identifying information in the Form 5500 that may be relevant to the audit of ERISA plan financial statements.
8. The Committee agrees the proposed approach of creating a new reporting model for reporting on ERISA plan audits (AU-C section 703) will better describe management's and the auditor's responsibilities in these engagements. We also agree the proposed amendments to the other AU-C sections are appropriate.
9. We recommend the proposed SAS be made effective as of December 15, 2018, in order to correct the issues found by the DOL and mentioned within the Explanatory Memorandum of the proposed SAS.

The Committee appreciates this opportunity to respond to the proposed statement on auditing standards. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steve Bierbrunner, CPA  
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Rosi Gonzalez, CPA  
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