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August 9, 2017

Attn: Sherry Hazel
Sherry.Hazel@aicpa-cima.com

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

Dear Ms. Hazel:

We appreciate the opportunity to respond to the Auditing Standards Board exposure draft of the Proposed Statement on Auditing Standards (SAS) *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA.*

In general, we do not feel that the proposed SAS will improve audit quality, consistency or transparency. The current guidance addresses these required procedures and the report accurately and concisely states the opinion and scope limitation (for ERISA-permitted scope limitations). We feel that adding too much language to the report does not improve transparency; instead, the objective and conclusion is lost. We also feel that firms that are currently non–compliant may continue to remain non–compliant. Firms that are currently compliant will incur additional fees and will get pushback from plan sponsors. We feel that this information is unnecessary to be documented in the audit report, since these requirements are already being performed and documented in the audit file.

We have provided our detailed responses to the issues for consideration in Appendix I to this letter.

Very truly yours,

Thibodaux Hebert Deshotels LeBlanc

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Appendix I – Responses to the Issues for Consideration

Issue 1: Related to the required procedures when an ERISA-permitted audit scope limitation is imposed, respondents are asked to provide their views on whether the procedures and guidance described in paragraph 20 of the proposed SAS will achieve the objectives of enhancing execution and consistency in these engagements and if not, why.

> *Response 1:* We feel that the procedures and guidance described in paragraph 20 of the proposed SAS do not change or enhance execution or consistency in the ERISA-permitted audit scope limitation engagements. The guidance may provide clarity, but it does not change the current required procedures for a limited scope audit.

Issue 2: Related to the form and content of the proposed auditor's report on ERISA plan financial statements with the ERISA-permitted audit scope limitation, respondents are asked to provide feedback on whether the form and content of the proposed auditor's report, including the form and content of the new form of opinion, provides improved transparency with respect to reporting and will improve the auditor's understanding of his or her responsibilities in a limited scope audit.

> *Response 2:* We feel that the form and content of the proposed auditor's report, including the form and content of the new form of opinion, on ERISA plan financial statements with the ERISA-permitted audit scope limitation will not provide improved transparency with respect to reporting and will not improve the auditor's understanding of his or her responsibilities in a limited scope audit. We feel that transparency with respect to reporting is not improved due to too much detail in which the objective is lost in the length of the report. The report as it is today, states that the auditor did not perform audit procedures and that we do not express an opinion. We do not feel that this will result in transparency or increased audit quality because the firms that are deficient in required procedures for limited scope audits will comply with the reporting requirements, but may not comply with the current required procedures.

I*ssue 3:* Related to the modifications to the opinion in the independent auditor's report, respondents are asked for their views about the proposed interaction of AU-C section 705 and the proposed SAS when the ERISA-permitted audit scope limitation is imposed by management.

> *Response 3*: As with current guidance, if there was a management imposed scope limitation, it would be disclosed in the report, in addition to the ERISA-permitted scope limitation.

Issue 5: Related to reporting internal control deficiencies, respondents are asked to provide feedback on whether the current reporting of internal control deficiencies to those charged with governance is sufficient.

> *Response 5:* Yes, we feel that the current reporting of internal control deficiencies to those charged with governance is sufficient. Reporting internal control deficiencies to those charged with governance has proven to be effective and we do not believe that adding a separate report would be needed.

Issue 6: Related to certain requirements for audits of ERISA plan financial statements and related required reporting on specific plan provisions relating to the financial statements, respondents are asked to provide feedback about the required procedures discussed in paragraphs 15-16, and the reporting of findings discussed in paragraphs 119-124 of the proposed SAS.

> *Response 6:* We feel that these requirements will not enhance the consistency or audit quality of the audit work performed. Listing out required procedures in the audit report does not enhance the auditor's understanding or consistency of the audit as these are currently required audit procedures. As a professional, we understand the audit requirements and possess the qualifications and skills to perform the audit regardless if it's documented in the report. As noted in other responses, we feel that too much wording in the audit report does not improve audit quality or transparency because the objective is lost in the length of the report.
>
> In regards to the detailed findings section, the auditor should exercise professional judgment to determine the relevant findings necessary to be included in the audit report. Listing out findings would present a report that is less about the auditor's opinion of the financial statements and more about the compliance based procedures and any exceptions that are noted through audit work performed. We feel that this level of detail will put an unnecessary burden on firms that perform acceptable audits, while the firms that are currently non-compliant will remain non-compliant.
>
> In regard to unintended consequences, we are estimating increased audit fees, which we feel will make the plan sponsor less likely to continue to pay the audit fee on behalf of the plan. We are estimating our audit fee may increase as much as 10% with the new reporting requirements. If the plan sponsor is less willing to pay this fee, they may pass it on to the plan participants. The audit is designed to protect the plan participants and we feel that this may be an unintended consequence for them.