

Statement on Auditing Standards No. 129, Amendment to Statement on Auditing Standards No. 122 Section 920, Letters for Underwriters and Certain Other Requesting Parties, as Amended

Issue Date: July 2014

Effective Date: This Statement on Auditing Standards is effective for comfort letters issued on or after December 15, 2014. Early implementation is encouraged.

Product Number: [ASASST129P](#) (paperback); [ASASST129E](#) (eBook) (Or, go to www.cpa2biz.com and search for this product number.)

Executive Summary

To address unintended changes to previous practice as a result of its [Clarity Project](#), the Auditing Standards Board (ASB) has issued Statement on Auditing Standards (SAS) No. 129, *Amendment to Statement on Auditing Standards No. 122 Section 920, Letters for Underwriters and Certain Other Requesting Parties, as Amended* (AICPA, *Professional Standards*, AU-C sec. 920).

AU-C section 920 addresses the auditor's responsibilities when engaged to issue letters (commonly referred to as *comfort letters*) to requesting parties in connection with a nonissuer entity's financial statements included in a registration statement or other securities offerings. This amendment

- amends the requirement to inform the requesting party that the auditor cannot provide any assurance regarding the sufficiency of the procedures for the requesting party's purposes by changing "state in any discussion" to "communicate" so as to provide the auditor with more flexibility in making this required communication.
- clarifies that the requirement for the auditor to read the comfort letter issued by component auditors whose report is included in the securities offering applies to each component auditor, not only those comfort letters related to significant components.
- amends the requirement to attach the review report when the auditor states in the comfort letter that the auditor has performed a review of unaudited interim financial information to a requirement to attach the review report when the auditor states in the comfort letter that the auditor has issued a review report on unaudited interim financial information.
- amends application material to indicate that attaching the review report on unaudited interim financial information is required when the auditor states in the comfort letter that the auditor has issued a review report on unaudited interim financial information.
- amends example D to change the concluding paragraph from referring to the pro forma bases described in the notes to the pro forma financial statements to referring

to the applicable accounting requirements of Rule 11-02 of Regulation S-X and renumbers example D as example D-1.

- adds example D-2 to address providing negative assurance on pro forma financial information as to compliance with pro forma bases as described in the pro forma financial information.
- amends example O to include wording to address procedures performed with regard to pro forma information and subsequent change period not previously carried forward from AU section 634, *Letters for Underwriters and Certain Other Requesting Parties*.
- makes additional editorial changes for clarity and consistency.

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