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December 1, 2023

Auditing Standards Board
American Institute of Certified Public Accountants
1345 Avenue of the Americas, 27th Floor
New York, NY 10019

Via Email to CommentLetters@aicpa-cima.com

**Re: Proposed Statement on Standards for Attestation Engagements,
Amendments to the Attestation Standards for Consistency with the
Issuance of AICPA Standards on Quality Management**

Dear Board members and staff:

Grant Thornton LLP appreciates the opportunity to comment on the Proposed Statement on Standards for Attestation Engagements (SSAE), *Amendments to the Attestation Standards for Consistency with the Issuance of AICPA Standards on Quality Management*. We commend the Auditing Standards Board (Board) for undertaking this project, and we appreciate the supplementary materials provided by AICPA staff, which were useful in our consideration of the proposed amendments to the SSAEs.

Overall, we agree with the Board's approach to revising the attestation standards to conform to and promote consistency with the Board's quality management standards, as appropriate. We support consistency among the requirements related to quality management at the engagement level across the various services that a practitioner may provide, and we believe such consistency will ultimately foster higher quality engagements. Nevertheless, we would like to see certain concepts in the Proposal clarified in order to achieve the desired consistency in applying the requirements and the related application material. We respectfully submit our responses to the requests for comment listed in the exposure draft as well as certain other comments for the Board's consideration.

Responses to questions

Question 1: Do respondents agree with the ASB's approach to revising the attestation standards to conform to and promote consistency with SQMS Nos. 1 and 2, SAS No. 146, and SSARS No. 26?

We generally support the Board's approach to the proposed revisions in order to align quality management concepts among the SASs, SSARSs, and SSAEs.

Question 2: Do respondents believe that the proposed effective date of the SSAE is appropriate? If not, why?

We believe that the proposed effective date of periods beginning on or after December 15,

2025 is reasonable to provide sufficient time for firms to properly implement and address the new requirements. Further, the Board's proposed effective date is closely aligned with the effective dates for the new quality management standards.

Question 3: Do respondents believe that the proposed revisions to paragraph .12 are appropriate? Respondents are specifically requested to provide their views on the proposed revisions to the definition of *other practitioner*.

We found many of the proposed revisions to paragraph .12 to be reasonably clear and appropriate to align with the other standards mentioned above. However, we have some concerns regarding certain amended definitions in this section. We ask the Board to consider the following items related to the proposed definitions.

Engagement partner

The Board proposes relocating a portion of the current definition of "engagement partner" into a footnote (footnote 6) in the proposed standard. We believe the use of a footnote for this type of information deviates from the AICPA's historical clarity drafting conventions. In order to retain clarity, we recommend that the sentence moved to the footnote either be reinstated into the definition or be presented as application material to the definition. We encourage the Board to continue to consider these clarity drafting conventions going forward; we do not view "location" as a divergence from international standards.

Other practitioner

In SQMS 3, *Amendments to QM Sections 10, A Firm's System of Quality Management, and 20, Engagement Quality Reviews (SQMS 3)*, the Board provides additional application guidance related to determining the difference between a *resource* and an *information source*. As indicated in a previous comment letter, we believe this guidance was necessary in order to distinguish the various potential resources and information sources used, particularly in group audits. We are concerned that the proposed revisions to the definition of "other practitioner" inappropriately limit the role of an other practitioner in the context of the quality management standards, namely whether the other practitioner is a resource or information source.

The extant definition of "other practitioner" is broad enough so that any one of the examples provided in .A91 of SQMS 3 could be considered an "other practitioner." As proposed, the Board appears to limit the circumstances in which other practitioners may be used in an attestation engagement. Therefore, we propose the following, revised definition of "other practitioner," followed by proposed application material:

Other practitioner. *A practitioner who performs attestation procedures on information that will be used as evidence by the practitioner performing the attestation engagement. An other practitioner may be part of the practitioner's firm, a network firm, or another firm. (Ref: par. .AXX).*

.AXX *An other practitioner may be (a) part of the engagement team and, therefore, the practitioner involves the other practitioner to perform work for purposes of the attestation engagement, or (b) not part of the engagement team and the practitioner makes reference to the other practitioner in the practitioner's report. In addition, determining whether an other practitioner is a resource or an information source, for purposes of a firm's system of quality management,*

depends on the particular circumstances. Examples of other practitioners that may be information sources include a service auditor that issues a report on a service organization's controls and such report is used by the practitioner in connection with the attestation engagement.

Question 4: Do respondents agree that the preceding proposed new requirement paragraphs in AT-C section 105 are appropriate and sufficient to align with the quality management requirements for audit engagements? If not, respondents who believe that an included requirement is not appropriate are asked why they believe the requirement is not appropriate for an attestation engagement. If respondents believe that there are other changes that should be made to align with SQMS Nos. 1 and 2 and SAS no. 146, please specify those changes.

We generally agree that the proposed new requirement paragraphs in AT-C Section 105, *Concepts Common to All Attestation Engagements* are appropriate and sufficiently align with the quality management requirements. However, there are several areas that we believe can be further enhanced with additional application material or clarified language in the requirements.

Paragraph .35 discusses several responsibilities of the engagement partner, which we believe are important to retain in the final standard. However, we believe various minor revisions would align the paragraph more appropriately with Statement on Auditing Standards No. 146, *Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards* (SAS 146). In bullets (a) and (d)(i) of paragraph .35, we recommend adding "attestation" to clarify the type of engagement in question, which is consistent with other areas of the Proposal:

- a. sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstance of the **attestation** engagement, the firm's policies or procedures, and any changes that may arise during the engagement.
- d. with respect to consultation
 - i. members of the engagement team have undertaken appropriate consultation on the matters specified in paragraph .40c during the **attestation** engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm

We also recommend a similar revision to bullet (a) of paragraph .40:

- a. ... In doing so, the engagement partner should be sufficiently and appropriately involved through the **attestation** engagement such that the engagement partner has the basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement...

With regard to bullet (b) of paragraph .35, we recommend relocating the notion of "knowledge of the underlying subject matter and criteria" to the application guidance in order to enhance the readability of the proposed requirement:

- b. members of the engagement team, and a practitioner's external specialists and internal auditors who provide direct assistance who are not part of the

engagement team, collectively, have the appropriate competence, ~~including knowledge of the underlying subject matter and criteria~~, and capabilities, including sufficient time to perform the engagement.

Because bullets (e) and (f) of paragraph .35 do not have corresponding requirements in SAS 146, it is unclear why these two requirements were retained. We ask the Board to consider removing them for consistency with the language in SAS 146 and to minimize redundancy.

The term “attestation engagement partner” is utilized in paragraph .55 but does not appear elsewhere in the Proposal and is not previously defined. We believe that deleting “attestation,” as illustrated below, would reduce confusion for users:

Prior to dating the report, the engagement partner should determine that the ~~attestation~~ engagement partner has taken overall responsibility for managing and achieving quality on the engagement.

Question 5: Do respondents agree with the proposed revisions to the requirements when an other practitioner is performing attestation procedures in connection with an attestation engagement?

Generally, we agree with the direction of the proposed revisions to the requirements related to the use of an other practitioner. Most of the proposed revisions align to the amendments made to AU-C Section 935, *Compliance Audits* (AU-C 935) in Statement on Auditing Standards No. 149, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)* (SAS 149), and we recommend the following edits based on our recommended definitional changes in Question 3 above, which would align the requirements even more closely to AU-C 935:

- We recommend the lead-in to the list read as follows: “*When the practitioner expects to use the work of an other practitioner, the practitioner should...*” In addition to aligning with AU-C 935, we believe the notion of “using the work” is generally understood by practitioners and would not be problematic to retain from the extant guidance. Also refer to our previously proposed application material.
- We believe the lead-in to the sub-bullet list of .36(d) should read: “*when the auditor involves an other practitioner to perform attestation procedures...*” As proposed, we believe .36(d) unnecessarily limits the circumstances in which the sub-bullets would apply. We do not believe determining not to make reference is the appropriate cutoff. Rather, the notion of “involvement” is intentionally broader and accommodates the broader definition of “other practitioner” that we propose in Question 3.
- We believe sub-bullet (iv) to .36(d) should be presented as sub-bullet .36(e) because the practitioner should always evaluate whether the other practitioner’s work is adequate, not solely under the circumstances outlined in .36(d). This change would align with the amendments to AU-C 935 in SAS 149.

Question 6: Do respondents agree that the proposed new requirement paragraph .39 is appropriate?

We believe that the sufficiency of the engagement partner’s competence and capabilities is adequately captured in paragraph .35b of the Proposal. Therefore, the inclusion of

paragraph .39 could be viewed as being redundant and might create confusion among practitioners in considering how or why paragraph .39 is different from paragraph .35b. We encourage the Board to maintain alignment with SAS 146 in this regard.

If the Board chooses to retain paragraph .39, we believe the entire sub-section of “Leadership Responsibilities for Managing and Achieving Quality on Attestation Engagements” should be reorganized and relocated to align with SAS 146 more closely, which we believe provides a more logical flow to the related requirements.

Additional comments and recommendations

We ask the Board to replace the first two sentences of paragraph .09 with the following paragraph, in order to convey more clearly the relationship between the attestation standards and quality management standards:

Quality management standards relate to the firm’s system of quality management for engagements performed by the firm in its accounting and auditing practice, which includes the firm’s attestation practice as a whole. Thus, attestation standards and quality management standards are related, and the quality management policies and procedures that the firm establishes may affect both the conduct of individual attestation engagements and the firm’s system of quality management related to its attestation practice as a whole.

Finally, we ask the Board to consider revisions to the application material as follows:

- The word “assurance” in paragraph .A65 should be updated to read “attestation” in order to address all engagement types within the attestation standards:
 - Intellectual resources include, for example, **attestation** ~~assurance~~ methodologies, implementation tools, **attestation** ~~assurance~~ guides, model programs, templates, checklists, or forms
- We believe paragraph .A85 would benefit by adding guidance related to network firms similar to the guidance provided in paragraph .A76 in SAS 149.
- Paragraph .A88 appears to be inconsistent with paragraph .06 in both AT-C Section 205, *Assertion-Based Examination Engagements* and AT-C Section 215, *Agreed-Upon Procedures Engagements*, which requires that the practitioner’s report specifically state that the practitioner is not independent. The guidance in .A88 implies that such a statement is optional.

We would be pleased to discuss our comments with you. If you have any questions, please contact Jeff Hughes, National Managing Partner of Assurance Quality and Risk, at (404) 475-0130 or Jeff.Hughes@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP