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May 30, 2025

Auditing Standards Board
American Institute of Certified Public Accountants
1345 Avenue of the Americas, 27th Floor
New York, NY 10105

Via Email to CommentLetters@aicpa-cima.com

**Re: Proposed Statement on Standards for Attestation Engagements,
*Scope Limitations in a Review Engagement***

Dear Board members and Staff:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Statement on Standards for Attestation Engagements, *Scope Limitations in a Review Engagement*. We support the Board's project to revise AT-C section 210, *Review Engagements*, to proactively address this potential practice issue. We respectfully submit our responses to the requests for comment, along with other observations, for the Board's consideration.

Responses to requests for comment

Question 1: Do respondents agree that narrow scope revisions to AT-C section 210 are needed to address the potential practice issue? If not, why not?

We agree that the evolving nature of both sustainability reporting and the current regulatory environment may result in scenarios in which practitioners providing reports on sustainability information may be unable to obtain sufficient appropriate review evidence on which to base their conclusions for some of the disclosures, which would result in a scope limitation. We agree that narrow scope revisions to AT-C section 210 are necessary to address these potential issues in practice.

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

We agree, with no further comments.

Question 3: Do respondents agree that the proposed revisions to paragraph .30 and the related application material to permit alternative actions when a scope limitation exists are appropriate? If not, why not?

We agree that revisions to paragraph .30 in AT-C section 210 are necessary to permit practitioners to express a qualified or disclaimer of conclusion on review engagements when a scope limitation exists. However, we believe the proposed language in paragraph .30 repeats the requirements in paragraph .53 and may cause confusion for practitioners in determining which paragraphs apply and the type of conclusion to express when a scope limitation is identified.

We suggest the following revisions (see Question 4 for suggested paragraph 53A):

(bold underline denotes new language and deleted text is shown in strikethrough)

.30 If the practitioner is unable to obtain sufficient appropriate review evidence, a scope limitation exists; and **paragraph 53A applies.** (Ref: par. .A40-.A41)

a. ~~paragraph 53b applies if the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be material but not pervasive; or~~

b. ~~paragraph .53c applies if the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be both material and pervasive.~~

As a result of the suggestions above, paragraph .A40 in AT-C section 210 would need to reference paragraph .53A instead of paragraphs .53b and .53c. Additionally, paragraph .A97 in AT-C section 210 (renumbered as .A41) would remain as paragraph .A97 instead of moving up and would be attached to the related requirement in paragraph .53A.

Question 4: Do respondents agree that the proposed revisions to paragraph .53 and the associated application material to allow a practitioner to issue a qualified conclusion for a scope limitation that is material but not pervasive are appropriate? If not, why not?

We agree that revisions to paragraph .53 in AT-C section 210 are necessary to address the potential issues in practice discussed in the Exposure Draft as well as to allow a practitioner to issue a qualified conclusion for a scope limitation that is material but not pervasive while retaining the option to withdraw from the engagement when possible. However, we believe the proposed revisions inappropriately combine the auditor's response to material misstatements and scope limitations in one paragraph. This presentation is neither consistent with the guidance in AT-C section 205, *Examination Engagements*, nor in AU-C section 705, *Modifications to the Opinion in the Independent Auditor's Report*, which provides reporting requirements for material misstatements and scope limitations in separate paragraphs. Additionally, the proposed structure of paragraph .53 implies that withdrawal is limited to matters that have a material and pervasive effect. Based on the nature of a review engagement, we believe that considering withdrawal for all scope limitations is appropriate as a qualified conclusion

could be confusing and misleading in certain circumstances, particularly if the practitioner's report will be used more broadly. We suggest the following revisions:

~~.53 The practitioner should express a modified conclusion when, in the practitioner's professional judgment,~~

- a. ~~If the practitioner, having obtained sufficient appropriate review evidence, concludes that the subject matter is materially misstated. In such cases, the practitioner should express a qualified conclusion or an adverse conclusion. (Ref: par. .A97)~~
- b. ~~the practitioner is unable to obtain sufficient appropriate review evidence on which to base the conclusion, and the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be material but not pervasive. In such cases, the practitioner should express a qualified conclusion. (Ref: par. .A41 and .A97-.A99)~~
- c. ~~the practitioner is unable to obtain sufficient appropriate review evidence on which to base the conclusion, the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be both material and pervasive. In accordance with paragraph .61, if the practitioner determines that it is not possible to withdraw, the practitioner should disclaim a conclusion. (Ref: par. .A41 and .A99-.A100)~~

.53A If the practitioner is unable to obtain sufficient appropriate evidence on which to base the conclusion, a scope limitation exists, and the practitioner should consider whether it is appropriate to withdraw from the engagement when withdrawal is possible under applicable law or regulation. If the practitioner determines not to withdraw or it is not possible to withdraw, the practitioner should:

- a. **Express a qualified conclusion when the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be material but not pervasive. (Ref: par. .A41 and .A97-.A99), or**
- b. **Express a disclaimer of conclusion when the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be both material and pervasive. (Ref: par. .A41 and .A99-.A100)**

The last sentence in paragraph .A97 of AT-C section 210 seems to apply to all three examples of qualified or adverse conclusions, and we believe that it is important to make the review report with a modified conclusion look different than a review report with an unmodified conclusion. We suggest the following changes:

.A97 Examples of a qualified conclusion or an adverse conclusion are as follows:

- Qualified conclusion (an example for a material but not pervasive misstatement). "Based on our review, except for the matter(s) described in [the

separate paragraph that describes the nature of the matter giving rise to the modification], we are not aware of any material modifications that should be made to [the subject matter] for it to be in accordance with [the criteria]. **Had we been engaged to perform an examination, other matters might have come to our attention.**"

- Qualified conclusion (an example for a scope limitation when the practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be material but not pervasive). "Based on our review, except for the possible effects of the matter(s) described in [the separate paragraph that describes the nature of the matter giving rise to the modification], we are not aware of any material modifications that should be made to [the subject matter] for it to be in accordance with [the criteria]. **Had we been engaged to perform an examination, other matters might have come to our attention.**"

- Adverse conclusion (an example for a misstatement that is both material and pervasive). "Based on our review, because of the significance of the matter described in [the separate paragraph that describes the nature of the matter giving rise to the modification], the [subject matter] is not in accordance with [the criteria]. Had we been engaged to perform an examination, other matters might have come to our attention."

We believe the proposed drafting of paragraph .A99 in AT-C section 210 could be simplified to avoid confusion in explaining when a modified conclusion is appropriate, while retaining the ability to withdraw from the engagement when possible. Additionally, the reference to "further limitation" may be misleading as performing "limited" procedures is not equivalent to a "limitation." While we acknowledge this has not changed from the extant guidance, we think that it is appropriate to clarify the intent of this requirement now to avoid a proliferation of modified conclusions on review engagements. We suggest the following changes:

.A99 The procedures performed in a review engagement are, by definition, limited compared with those performed in an examination engagement. **Scope Limitations** ~~known to exist prior to accepting a review engagement are a relevant consideration when establishing whether the preconditions for a review engagement are present, in particular, whether the practitioner expects to be able to obtain the review evidence needed to arrive at the practitioner's conclusion. (See section 105.) If a further **scope** limitation is imposed by the appropriate party after a review engagement has been accepted, ~~depending on the practitioner's conclusion on the possible effects on the subject matter of undetected misstatements, if any, it may be appropriate to either express a qualified conclusion, it may be appropriate to either express a qualified conclusion, it may be appropriate to withdraw from the engagement, when withdrawal is possible under applicable laws and regulations or disclaim a conclusion if the practitioner determines it is not possible to withdraw~~ **or to express a modified conclusion.**~~

A99A. Because of the variety of circumstances that may arise, it is not possible to describe definitively when withdrawal from an engagement is appropriate. Factors that affect the practitioner's conclusion include the

implications of the possible effects on the subject matter of undetected misstatements and the effects on the practitioner of a continuing association with the entity.

Question 5: Do respondents agree with the ASB's proposal to permit the practitioner to issue a disclaimer of conclusion when

- a. The practitioner is unable to obtain sufficient appropriate review evidence on which to base the practitioner's conclusion;**
- b. The practitioner concludes that the possible effects on the subject matter of undetected misstatements, if any, could be both material and pervasive; and**
- c. Withdrawal is not possible under applicable law or regulation?**

If not, why not?

We agree that practitioners should be permitted to issue a disclaimer of conclusion on review engagements if there is a scope limitation with possible effects that could be both material and pervasive and if withdrawal is not possible under applicable law or regulation. We are concerned that the proposal does not sufficiently contemplate a scenario where there is a scope limitation with possible effects that could be both material and pervasive and a review report is expected, but not required, under applicable law or regulation (as described on page 10 of the Exposure Draft); in this scenario, withdrawal from the engagement is legally possible.

In such scenario, we believe it is in the public interest to disclaim an opinion on a review report to signal to the report's user that although a review report is expected, the practitioner is unable to conclude on the subject matter because of the identified scope limitation. Refer to the suggested revisions for paragraph .53A in our response to Question 4 to address this. See below for a related drafting suggestion for paragraph .A100.

In addition, we believe the proposed additional language in paragraph .62a of AT-C section 210 repeats the existing requirement in paragraph .54 and should be removed. We suggest the following change:

.62 When the practitioner disclaims a conclusion due to an inability to obtain sufficient appropriate review evidence, the practitioner's report should

~~a. provide a description of the nature of the matter(s) giving rise to the disclaimer.~~

b.a. state that "Because of the significance of the matter(s) giving rise to the modification, we have not been able to obtain sufficient appropriate review evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the subject matter."

c.b. be amended to state that "we were engaged to review [the subject matter or the responsible party's assertion]."

d.c replace the elements as required by paragraph .45f–h with the following:

Our responsibility is to express a conclusion on [the subject matter or the responsible party's assertion] based on conducting a review in accordance with attestation standards established by the AICPA. Because of the limitation on the scope of our review discussed in [the separate paragraph that describes the nature of the matter giving rise to the modification], the scope of our work was not sufficient to enable us to express, and we do not express, a conclusion on whether we are aware of any material modifications that should be made to [the subject matter in order for it to be in accordance with the criteria or the responsible party's assertion for it to be fairly stated].

Furthermore, we believe the related application material can be simplified and clarified. The proposed drafting for paragraph .A100 in AT-C section 210 does not appropriately characterize the practitioner's determination of when it is appropriate to withdraw from an engagement. We do not believe the expectation of a review report accompanying the engaging party's report is the equivalent of the practitioner being unable to withdraw from an engagement. We are concerned that the proposed language may have the unintended consequence of preventing practitioners from withdrawing from an engagement because they no longer want to be associated with the engagement due to the particular circumstances. We propose the following changes:

.A100 Paragraph ~~.64~~**53A** allows the practitioner to disclaim a conclusion due to scope limitation when withdrawal is not possible under applicable law or regulation. This circumstance may arise, for example, when the practitioner is aware, based on the agreed-upon terms of the engagement, that the engaging party is required to report to a regulator on subject matter and there is a regulatory ~~expectation~~ **requirement** that such report will be accompanied by a practitioner's review report. ~~In such circumstances, the practitioner may determine that withdrawal is not possible.~~

What's more, we believe the proposed drafting for paragraph .A102 in AT-C section 210 inappropriately excludes the scenario when the practitioner disclaims an opinion as defined by the new definition of "modified conclusion." We suggest the following revisions:

.A102 The practitioner's decision to express a qualified **modified** conclusion or withdraw from the engagement because of a scope limitation depends on an assessment of the effect of the omitted procedures on the practitioner's ability to express a conclusion. This assessment will be affected by the nature and magnitude of the potential effects of the matters in question and by their significance to the subject matter.

Question 6: Do respondents agree with the proposed amendments and additions to incorporate the scope limitation concepts throughout AT-C 210? If not, why not?

As a result of suggested revisions to paragraphs .53 and .53A described in our response to Question 4, we believe paragraph .61 should be deleted as it is duplicative. The related application guidance currently referring to paragraph .61 should instead refer to paragraph .53A.

In our view, the proposed drafting in paragraph .39b presumes that the representations that are not obtained are not pervasive. We believe that additional guidance is required to assist the practitioner in determining whether the missing representations are material or pervasive, or both. The proposed drafting is inconsistent with AT-C section 205, *Examination Engagements*. As such, we suggest the following changes:

.39 When the engaging party is not the responsible party (Ref: par. .A53~~2~~—
.A556)

...

b. if one or more of the requested representations are provided neither in writing nor orally from the responsible party in accordance with paragraph .34, a scope limitation exists, and ~~the practitioner should determine whether to express a qualified conclusion or withdraw from the engagement when withdrawal is possible under applicable law or regulation. If the practitioner determines that a qualified conclusion is not appropriate and that it is not possible to withdraw from the engagement, the practitioner should disclaim a conclusion~~ **paragraph 53A applies.**

Based on the nature of the requested representations in paragraph .33 of AT-C section 210, we believe the proposed language that includes the term “often” contradicts the requirement in paragraph .39. Additional guidance is needed to assist practitioners in determining whether the possible effects on the subject matter of the missing representation is material and pervasive. Based on the limited nature of procedures performed in a review engagement, we believe this guidance should be aligned to the corresponding guidance in AU-C 930, *Interim Financial Information*. We suggest the following changes:

.A52 The engaging party’s refusal to furnish written representations constitutes a limitation on the scope of the review. ~~Such refusal is often sufficient to preclude an unmodified conclusion and, particularly with respect to the representations in paragraph .35, may cause the practitioner to withdraw, when withdrawal is possible under applicable law or regulation, or disclaim a conclusion if withdrawal from the engagement is not possible under applicable law or regulation. However, based on the nature of the representations not obtained or the circumstances of the refusal, the practitioner may conclude that a qualified conclusion is appropriate~~ **In considering the possible effects on the subject matter of the representation(s) not obtained, representations related to the following may be considered material and pervasive:**

- All relevant matters are reflected in the measurement or evaluation of the subject matter or assertion.
- The responsible party acknowledges responsibility for the subject matter and the responsible party's assertion; selecting the criteria, when applicable; and determining that such criteria are suitable, will be available to the intended users, and are appropriate for the purpose of the engagement
- The responsible party has disclosed all deficiencies in internal control relevant to the engagement of which the responsible party is aware.
- The responsible party has disclosed its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter.
- The responsible party has provided the practitioner with all relevant information and access, as agreed upon in the terms of the engagement.

We believe paragraph .63 of AT-C section 210 should be revised so that there are separate paragraphs related to each requirement, consistent with the equivalent paragraphs in paragraphs .84 and .85 of AT-C section 205. We suggest the following changes:

.63 If the engaging party is the responsible party and refuses to provide the practitioner with a written assertion as required by paragraph .11, the practitioner should withdraw from the engagement when withdrawal is possible under applicable law or regulation. ~~If the practitioner determines it is not possible to withdraw, the practitioner should disclaim a conclusion.~~

.64 If law or regulation does not allow the practitioner to withdraw from the engagement, the practitioner should disclaim an opinion.

Question 7: Are there any additional requirements or application guidance needed to allow practitioners to appropriately consider the impact of scope limitations in a review engagement? If so, please provide details of the specific requirements or application guidance that should be included in AT-C section 210.

We ask the ASB to consider our suggestions above when revising AT-C section 205, as applicable, as part of the broader baseline AT-C update project currently in process.

Additional observations

We do not believe the ASB has a basis for stating that disclaimers of opinion will be relatively infrequent given this is a change from extant guidance and attestation over sustainability information is an emerging field. We caution the ASB not to use this language in materials published with the approved narrow-scope amendments.



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

Sincerely,

/s/ Grant Thornton LLP