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Auditing Standards Board
American Institute of Certified Public Accountants
1211 Avenue of the Americas
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To Whom it May Concern:

On behalf of the National State Auditors Association, we appreciate the opportunity to respond to the AICPA Auditing Standards Board's proposed Statement on Standards for Attestation Engagements entitled *Common Concepts, Examination Engagements, Review Engagements, and Engagements to Report on Sustainability Information*

Overall, we are supportive of the proposed statement and believe the options outlined in the exposure draft and the time frame for implementation appear reasonable.

Below are our responses to the requests for comments posed in the exposure draft.

Requests for Comment

1. *Do respondents agree, given the diverse subject matters, that the use of the "engagements beginning on or after" approach to trigger the adoption of the proposed SSAE is appropriate? If not, respondents are requested to explain why.*

Yes, we agree that, given the nature of the diverse subject matters covered by the attestation standards, that the use of the "engagements beginning on or after" approach for the adoption of the SSAE is appropriate.

2. *Do respondents agree that if the final standard is issued no later than June 30, 2027, the proposed effective date for engagements beginning on or after June 15, 2029, is appropriate and provides adequate time for implementation, including updating methodologies and training staff? If not, respondents are requested to explain why and suggest a reasonable alternate effective date.*

Yes, we consider a two-year window as an appropriate time for understanding and implementing the standard. This is a necessary period to allow for training staff and educating users regarding the changes in the standards.

3. *Do respondents agree with the approach taken with respect to the linkages between the proposed sustainability information AT-C sections and the other AT-C sections, including whether the approach is understandable and easy to follow? If not, respondents are requested to explain why.*

Yes, we agree with the Board's linkage approach. The cross-references and consistent headings and subheadings provide the reader with sufficient guidance to navigate the standards in an efficient manner.

4. *Do respondents agree with the approach taken in structuring the attestation standards with respect to engagement resources and sources of information to be used as evidence? If not,*



respondents are requested to suggest an alternative such that the integrity of the building blocks approach is retained.

Yes, we agree with the proposed structure of the attestation standards related to engagement resources and sources of information to be used as evidence. The placement and content of the proposed sections appear logical and support the intended building-blocks approach.

5. *Do respondents agree with moving requirements (and related application material) addressing "Documentation" from extant AT-C sections 205 and 210 to proposed AT-C section 105 given that this topic is typically common to all levels of service? If not, respondents are requested to explain why.*

Yes, we agree that moving requirements on documentation and application material typically common to all service levels to proposed AT-C section 105 is appropriate.

6. *Are there any other observations that respondents would like to provide with respect to significant matters that affect proposed AT-C section 105?*

To bring documentation standards parallel to audit standards, we suggest the following:

a. Inclusion of documentation objectives from AU-C 230 paragraph 05 in proposed AT-C 105 paragraph 11.
b. Inclusion of the AU-C 230 paragraphs 01-02 that describe the purpose of documentation in AT-C 105 application material.
c. Consider future conforming amendments to AU-C 230 for changes in requirements, language, or order that the board considers to be improvements.

7. *Do respondents agree with the definition of management's specialist and whether, as drafted, it is fit for purpose? If not, respondents are requested to provide alternative wording for the term.*

Yes, we believe that the proposed definition of management's specialist is appropriate and agree with aligning this definition and these requirements to be consistent, where appropriate, with the definition that is already used in AU-C 501.

8. *Do respondents agree with the ASB's approach in proposed AT-C sections 205 and 210 with respect to evidence? If not, respondents are requested to explain why. Feedback is requested specifically as it relates to the following:*

• Use of the term "evidence" in proposed AT-C section 210, as opposed to the extant term "review evidence"
• Inclusion of a requirement (see paragraph .17 of proposed AT-C section 210) for the practitioner to "evaluate information to be used as evidence" and whether the requirement is appropriately scalable for a review engagement

Yes, we agree with the Board's proposed use of the term "evidence" compared to the extant term "review evidence." Practitioners will need to apply the term "evidence" in relation to the type of engagement they are conducting. Defining the term "evidence" is an efficient way for standard setters to define just one term and allow practitioners to apply it in their specific engagement.

9. *Do respondents agree that the date of the practitioner's report and the report release date are typically so closely aligned that it is not necessary to draw a distinction between the two*



dates? If not, respondents are requested to describe how prevalent this circumstance may be in practice and provide examples.

Yes, we agree with the ASB that a distinction between the date of the practitioner's report and the report release date is not necessary to define.

10. *a. Respondents are requested to describe any practice issues or unintended consequences of which respondents are aware that may arise as a result of wording revisions to the proposed baseline attestation standards. These revisions include the following:*

• The use of "in accordance with" in the practitioner's reporting requirements, with the concept of "based on" being addressed in the application material.
• The revision of the phrase, when appropriate in the circumstances, from "when possible under applicable law or regulation" to "when practicable."
• The change in the use of the phrase from "statement that" or "state that" to "indicate that."
Should this revision be applied elsewhere in the required reporting elements?

b. Do respondents agree with layout, including the headings and sequencing of requirements and related application material, in the section under the heading "Modifications to the Practitioner's Report" in proposed in proposed AT-C sections 205 and 210? If not, respondents are requested to explain why.

a. We are not aware of any unintended consequences regarding the proposed wording revisions. We expect the changes will be understood by users without significant difficulty.
b. We agree with the proposed layout, including the headings and sequencing of requirements and related application material. The proposed wording would properly convey the results of the engagement and not be open to misinterpretation.

11. *a. Are the revisions to proposed AT-C sections 205 and 210 to address other information appropriate and actionable in the context of attestation engagements? If not, respondents are requested to explain why.*

b. Do respondents agree with the ASB's decision to exclude a definition of comparative information from proposed AT-C sections 205 and 210 and related performance and reporting requirements? If not, respondents are requested to explain why and to provide examples of non-sustainability attestation engagements where comparative information is presented and is important to an understanding of the subject matter.

a. We believe the revisions to AT-C 205.128-133 are appropriate and actionable as they relate to attestation engagements.
b. We agree. We consider the Board's inclusion of comparative information in the sustainability information sections as necessary and appropriate and should be provided to explain the relationship between comparative information and other information.

12. *Given the variety of engagements that may be performed in accordance with proposed AT-C sections 205 and 210, respondents are requested to identify specific types of subject matter or attestation engagements, if any, that may be affected differently or disproportionately by revisions to the proposed AT-C sections. Respondents are requested to also specify how revisions to proposed AT-C sections 205 and 210 would be modified to avoid unintended different or disproportionate effects on certain subject matters or attestation engagements.*



We are not aware of any specific engagements that would be affected differently or disproportionately by the proposed AT-C revisions.

13. *Are there any other observations that respondents would like to provide with respect to the significant matters that affect both proposed AT-C sections 205 and 210?*

We have no other observations regarding these proposed sections.

14. *Do respondents agree that the revisions to proposed AT-C section 205 appropriately align the requirements related to obtaining reasonable assurance in an examination engagement with the requirements in generally accepted auditing standards (GAAS) related to obtaining reasonable assurance in an audit of financial statements? If not, respondents are requested to explain why.*

Yes, we consider the revisions in the proposed AT-C as sufficiently consistent with AU-C terminology to align AT-C section 205 with GAAS as it relates to obtaining reasonable assurance.

15. *Do respondents agree with the approach taken by the ASB with respect to controls for purposes of proposed AT-C section 205 by limiting the applicability of certain requirements when the subject of the engagement is not internal control? If not, respondents are requested to explain why. Respondents are requested to also provide perspectives about whether the use of headings and application material is sufficient to enable the practitioner, when performing an examination engagement, to differentiate between requirements that are applicable to all subject matters and requirements that are relevant only when the subject matter of the engagement is not internal control.*

Yes, we agree with proposed AT-C 205 limitation of certain sections when the subject of the engagement is internal control and feel the headings are sufficient to allow for us to differentiate between requirements that are applicable to all subject matters versus requirements that are relevant only when the subject matter of the engagement is not internal control.

16. *Are there any other observations that respondents would like to provide with respect to significant matters that affect proposed AT-C section 205?*

We have no additional observations regarding significant matters that affect proposed AT-C section 205.

17. *Do respondents agree that the revisions to proposed AT-C section 210 are appropriate and that the proposed requirements maintain the integrity of an engagement to provide limited assurance? If not, respondents are requested to explain why.*

We agree that the proposed standards provide for a level of evidence obtained through inquiries and analytical procedures as sufficient to provide limited assurance.

18. *Are there any other observations that respondents would like to provide with respect to significant matters that affect proposed AT-C section 210?*

We have no other comments or observations regarding AT-C section 210.

19. *Do respondents agree with defining terms in proposed AT-C section 330, such as the risk of material misstatement, substantive procedures, and test of controls, with definitions that are*



similar, but not identical, to the definitions of the same terms in proposed AT-C section 205? If not, respondents are requested to explain why.

Yes, we agree tailoring the definitions in section 330 for sustainability engagements. This is appropriate in the context and allows for easier application of the standard in these specific engagements.

20. *Do respondents agree that proposed AT-C sections 325 and 330 should not require communication with a predecessor practitioner prior to accepting an engagement to report on sustainability information? If not, respondents are requested to explain why. In responding to this question, respondents are requested to also provide perspectives on what practical challenges there may be when communicating with a predecessor practitioner (notwithstanding the relevant ethical responsibilities outlined in the AICPA Code of Professional Conduct) and, if possible, how these challenges may be overcome?*

Yes, we agree with the concept of not requiring communication with a predecessor practitioner prior to accepting an engagement to report on sustainability information.

21. *a. Do respondents agree that the practitioner's reports on sustainability information should include management's responsibility for the design, implementation, and maintenance of internal control relevant to the preparation of sustainability information? If not, respondents are requested to explain why. Respondents are requested to also inform the ASB whether such language is currently included in the practitioner's examination or review reports issued in accordance with the attestation standards.*
b. Do respondents agree that the phrases "at the underlying assertion level for the disclosures" and "at the disclosure level" will be understandable and meaningful to users? If not, what revisions should be made to the practitioner's report to distinguish examination and review reports in an engagement to report on sustainability information?

a. Yes, we strongly agree with the requirement to include a description of management's responsibility. This makes it perfectly clear to any third party reading the report what management's responsibility was during the engagement period.
b. We agree with the use of the listed phrases and that they will be understandable and meaningful to users.

22. *a. Do respondents agree with the definition of comparative information in proposed AT-C sections 325 and 330? If not, respondents are requested to explain why and provide an alternative definition.*
b. Do respondents agree that the proposed requirements and related application material are clear and sufficiently principles-based to allow for practice to develop in this area, especially given the evolving jurisdictional landscape as it relates to sustainability information? If not, respondents are requested to explain why.
c. Do respondents agree that the requirements (and related application material) addressing comparative information in proposed AT-C sections 325 and 330 are drafted such that there are no unintended convergence issues with the related performance and reporting requirements in ISSA 5000? If not, respondents are requested to explain why. In responding to this question, respondents are requested to provide perspectives on what practical challenges there may be when performing an engagement to report on sustainability information (that includes comparative information) in accordance with both the attestation standards and ISSA 5000.

a. We agree. The definition is specific and straightforward. It should be easily understood.
b. We consider the proposed guidance as sufficiently principles-based to allow for varying engagements to be performed under them.
c. We are not aware of any unintended convergence issues with ISSA 5000.

23. *Are there any other observations that respondents would like to provide with respect to significant matters that affect both proposed AT-C sections 325 and 330? These matters may include convergence matters related to differences between the proposed SSAE and ISSA 5000.*

We have no other comments or observations regarding AT-C sections 325 and 330.

24. *Do respondents agree that risk assessment procedures and further procedures are necessary in a review of sustainability information for the practitioner to obtain limited assurance to support the practitioner's conclusions? If not, respondents are requested to provide perspectives about what requirements are necessary for the practitioner to obtain limited assurance to support the practitioner's conclusion.*

Yes, we agree risk assessment procedures and further procedures would be necessary to enable the practitioner to provide limited assurance on the subject matter.

25. *Are there any other matters that respondents would like to raise in relation to the proposed SSAE?*

No, we have no additional comments on the proposed SSAE.

We appreciate the opportunity to respond to such an important document. Should you have any questions or need additional information regarding our response, please contact NSAA Director Autumn Drane at adrane@nasact.org or (859) 276-1147. I may also be reached directly at epowell@lac.sc.gov.

Sincerely,

K. Earle Powell
President, NSAA
Legislative Auditor, South Carolina