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# Request for Information and Comment

The Application and Use of the PCAOB's  
Interim Attestation Standards

September 26, 2022

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## SUMMARY

The staff of the Public Company Accounting Oversight Board is requesting information and public comment on matters related to the application and use of the Board's interim attestation standards. In April 2003, the Board adopted on an interim basis certain attestation standards from the American Institute of Certified Public Accountants. These standards have continued in effect substantially as they were adopted. The Board is committed to modernizing its standards, and this document requests information and comment from the public to inform any staff recommendation to the Board regarding updates to the interim attestation standards, including possible consolidation or elimination of certain standards.

## INTRODUCTION

The Public Company Accounting Oversight Board (PCAOB or the "Board") is committed to modernizing its existing standards and to issuing new standards where necessary in light of developments in auditing and the capital markets. In that regard, the Board is considering updating its interim standards<sup>1</sup> related to attest engagements ("PCAOB attestation standards").<sup>2</sup>

Registered public accounting firms are sometimes engaged to examine and report on matters outside of an audit

The PCAOB staff encourages all interested parties to comment. Comments should be submitted through one of the following methods:



### By email

[comments@pcaobus.org](mailto:comments@pcaobus.org)



### Through the PCAOB's website

[www.pcaobus.org](http://www.pcaobus.org)



### By postal mail

Office of the Secretary, PCAOB, 1666 K Street, NW, Washington, DC 20006-2803.

All comments should refer to "Request for Information and Comment on the Application and Use of the PCAOB's Interim Attestation Standards" on the subject or reference line and should be submitted no later than **October 26, 2022**. All comments received in response to this request for comment will be made available to the public and posted on the PCAOB website.



### Questions regarding this request for comment should be directed to:

Dominika Taraszkievicz, Associate Chief Auditor, Office of the Chief Auditor (202-591-4143, [taraszkieviczd@pcaobus.org](mailto:taraszkieviczd@pcaobus.org)).

<sup>1</sup> In April 2003, the Board adopted, on an interim basis, certain auditing and attestation standards of the American Institute of Certified Public Accountants. See *Establishment of Interim Professional Auditing Standards*, PCAOB Rel. No. 2003-006 (Apr. 18, 2003); PCAOB Rule 3300T, *Interim Attestation Standards*. See also subparagraphs (A)(i) and (B) of Section 103(a)(3) of the Sarbanes-Oxley Act of 2002.

<sup>2</sup> The interim attestation standards do not include Attestation Standard No. 1, *Examination Engagements Regarding Compliance Reports of Brokers and Dealers* ("AT No. 1"), and Attestation Standard No. 2, *Review Engagements Regarding Exemption Reports of Brokers and Dealers* ("AT No. 2"), which the Board adopted in 2013. See *Standards for Attestation Engagements Related to Broker and Dealer Compliance or Exemption Reports Required by the U.S. Securities and Exchange Commission and Related Amendments to PCAOB Standards*, PCAOB Rel. No. 2013-007 (Oct. 10, 2013).

of financial statements. These engagements include examination, review, and agreed-upon procedures engagements, which involve issuing a report on subject matter, or an assertion about subject matter, that is the responsibility of another party ("attest engagements").<sup>3</sup> The subject matter of an attest engagement can vary and may relate to, for example, a company's compliance with laws and regulations, or a company's historical data or measures that are evaluated against certain criteria.<sup>4</sup>

An attest engagement performed under PCAOB standards<sup>5</sup> is designed to provide a certain level of assurance (as described below) and involves issuing a corresponding report ("attestation report"):

- Examination attest engagements provide reasonable assurance;<sup>6</sup>
- Review attest engagements provide moderate assurance;<sup>7</sup> and

- Agreed-upon procedures attest engagements do not provide specific assurance but involve a report on the performance of specified procedures and the resulting findings.<sup>8</sup>

PCAOB attestation standards consist of one foundational standard (AT 101) and five topic-specific standards:<sup>9</sup>

- AT 101, *Attest Engagements*. AT 101 establishes a framework applicable to examination, review, and agreed-upon procedures attest engagements on subject matter or an assertion about subject matter. AT 9101, *Attest Engagements: Interpretations of Section 101*, provides guidance on the application of AT 101 in certain circumstances.
- AT 201, *Agreed-Upon Procedures Engagements*. AT 201 addresses performing and reporting on agreed-upon procedures attest engagements.

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<sup>3</sup> See paragraph .01 of AT 101, *Attest Engagements*.

<sup>4</sup> Historically, growth in demand for these types of attest engagements developed after financial statement audits had become the prevalent type of attest service performed. See AICPA, *Statement on Standards for Attestation Engagements*, at 2 (Mar. 1986) ("For years, attest services were generally limited to expressing a positive opinion on historical financial statements ... However, certified public accountants increasingly have been requested to provide, and have been providing, assurance on representations other than historical financial statements and in forms other than the positive opinion."). See also AT 101.07.

<sup>5</sup> See PCAOB Rule 3300T. Although a financial statement audit is a type of attest engagement, PCAOB attestation standards do not apply to such engagements. Similarly, PCAOB attestation standards do not apply to audits of internal control over financial reporting, or reviews of interim financial information. Those engagements are performed under PCAOB auditing standards. See PCAOB Rule 3200, *Auditing Standards*.

<sup>6</sup> "Reasonable assurance" is a high level of assurance, although not absolute assurance. See paragraph .10 of AS 1015, *Due Professional Care in the Performance of Work*. See also paragraph 4 of AT No. 1.

<sup>7</sup> See AT 101.55 ("In an attest engagement designed to provide a moderate level of assurance (referred to as a *review*), the objective is to accumulate sufficient evidence to restrict attestation risk to a moderate level. To accomplish this, the types of procedures performed generally are limited to inquiries and analytical procedures (rather than also including search and verification procedures).").

<sup>8</sup> See paragraph .03 of AT 201, *Agreed-Upon Procedures Engagements* ("An agreed-upon procedures engagement is one in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on subject matter..."; "In an engagement performed under this section, the practitioner does not perform an examination or a review ... and does not provide an opinion or negative assurance").

<sup>9</sup> AT 501, *Reporting on an Entity's Internal Control Over Financial Reporting*, was also adopted on an interim basis in 2003 and rescinded in 2004 as part of the Board's adoption of an auditing standard on audits of internal control over financial reporting (currently AS 2201, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements*). As such, AT 501 is no longer part of the interim attestation standards. See *Conforming Amendments to PCAOB Interim Standards Resulting from the Adoption of PCAOB Auditing Standard No. 2, "An Audit of Internal Control over Financial Reporting Performed in Conjunction with An Audit of Financial Statements,"* PCAOB Rel. No. 2004-008 (Sept. 15, 2004).

- AT 301, *Financial Forecasts and Projections*. AT 301 addresses examination and agreed-upon procedures attest engagements on prospective financial statements.<sup>10</sup>
- AT 401, *Reporting on Pro Forma Financial Information*. AT 401 addresses examination and review attest engagements on pro forma financial information.
- AT 601, *Compliance Attestation*. AT 601 addresses examination and agreed-upon procedures attest engagements related to (a) an entity's compliance with requirements of specified laws, regulations, rules, contracts, or grants; or (b) the effectiveness of an entity's internal control over compliance with specified requirements.
- AT 701, *Management's Discussion and Analysis*. AT 701 addresses examination and review attest engagements with respect to management's discussion and analysis prepared pursuant to U.S. Securities and Exchange Commission (SEC) rules and included in an annual report or other document.

## REQUEST FOR INFORMATION AND COMMENT

The staff of the PCAOB — prior to recommending to the Board any approach to revising or updating the PCAOB attestation standards — is conducting outreach through this request for information and comment to augment its ongoing analysis of these standards and attest engagements performed under

them.<sup>11</sup> The staff is requesting information and comment from all interested stakeholders on matters related to the application and use of the PCAOB attestation standards. Specifically, the staff is seeking information and views on (i) use of attestation reports; (ii) current practices related to attest engagements, including the extent of current and anticipated uses of PCAOB attestation standards; (iii) potential updates to certain requirements relevant to attest engagements; and (iv) data and other information about potential economic implications of standard setting in this area.

You are encouraged to respond to any or all of the following questions, and to provide any other information relevant to attest engagements performed under PCAOB standards. The staff encourages commenters to provide data, evidence, and specific examples in support of comments.

### Use of Attestation Reports

As discussed above, attestation reports may relate to various subject matter and provide different levels of assurance based on the type of attest engagement performed. The staff is interested in how attestation reports are used and what role they play in informing and protecting investors.

1. Aside from regulatory bodies, who are the users of attestation reports and how do they benefit from these reports? Please provide details.
2. Do users of attestation reports influence the type of attest engagements performed? If so, how? Please provide details.

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<sup>10</sup> AT 301 also addresses compilation engagements, which do not involve assurance or other attestation, or the expression of an opinion.

<sup>11</sup> The Board's Standards and Emerging Issues Advisory Group discussed updating the PCAOB attestation standards during the Standard-Setting Agenda session at its June 15, 2022 meeting. The meeting agenda and recording are available at <https://pcaobus.org/news-events/events/event-details/pcaob-standards-and-emerging-issues-advisory-group-meeting>.

3. What attestation reports do investors find to be most useful in making investment decisions? Please provide details.
4. Could changes to PCAOB attestation standards help to inform or protect investors? Please provide details.

## Current Practice

The staff is currently aware of attest engagements being performed under AT 101, AT 201, and AT 601, and understands that such engagements primarily involve examination and agreed-upon procedures reports. Many of these engagements are compliance attest engagements and relate to, for example: (i) examinations of securities and similar investments held by an investment company subject to the requirements of Rule 17f 2 under the Investment Company Act of 1940<sup>12</sup> or (ii) for asset-backed security issuers, the assessment of compliance with the servicing criteria of SEC Regulation AB.<sup>13</sup> As another example, some firms issue agreed-upon procedures reports pursuant to Securities Investor Protection Corporation (SIPC) requirements, in connection with broker-dealer contribution calculations.<sup>14</sup>

By contrast, the staff is currently unaware of attest engagements related to financial forecasts and projections, pro forma financial information, or management's discussion and analysis (conducted under AT 301, AT 401, or AT 701) performed in recent years. The staff is seeking additional information about whether and how the PCAOB attestation standards are used,

including current and emerging circumstances that give rise to such engagements. Such information would help inform potential updates or other changes to PCAOB attestation standards.

5. What types of attest engagements are currently performed under PCAOB attestation standards? Please describe the circumstances under which these engagements are performed and the type of attestation provided (e.g., examination, review, or agreed-upon procedures).
6. Are attest engagements being performed pursuant to AT 301, AT 401, or AT 701? If so, please describe the circumstances under which these engagements are performed, including the attestation standard used and the type of attestation provided (e.g., examination, review, or agreed-upon procedures). Are attest engagements being performed that apply the interpretations in AT 9101? If so, please describe the circumstances and nature of work performed.
7. As described above, some regulators require attestation reports to be issued under PCAOB attestation standards. Do other organizations or entities require attestation reports issued under PCAOB attestation standards? If so, please provide relevant details, including the subject matter and the specific standards applied. Alternatively, are there specific circumstances in which firms have chosen to voluntarily perform attest engagements under PCAOB attestation standards? If so, please provide relevant details.

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<sup>12</sup> 17 C.F.R. § 270.17f-2(f) (permitting a registered management investment company to maintain custody of its securities and similar investments under certain conditions, including verification by examination by an independent public accountant at least three times a year).

<sup>13</sup> See Rule 13a-18(c) under the Securities Exchange Act of 1934 ("Exchange Act"), 17 C.F.R. § 240.13a-18(c) (requiring that the annual report on Form 10-K for a class of asset-backed securities include an attestation report by a PCAOB-registered public accounting firm, made in accordance with PCAOB standards for attestation engagements, on assessment of compliance with servicing criteria for asset-backed securities).

<sup>14</sup> See SIPC Rule 600(b)(3), 17 C.F.R. § 300.600(b)(3); see also Rule 17a-5(e)(4) under the Exchange Act, 17 C.F.R. § 240.17a 5(e)(4).

## Potential Updates to Requirements

The staff is seeking information on potential updates and refinements to the requirements for performing attest engagements under PCAOB attestation standards.

8. Are specific improvements needed to PCAOB attestation standards, including as currently used or for anticipated future uses? If so, please describe the needed improvements.
9. Is the work of others, including that of specialists and internal auditors, commonly used in performing attest engagements? If so, please describe the relevant circumstances, the nature of the work performed, and how it is used.
10. Are other accountants (e.g., other audit firms) used in performing attest engagements? If so, please describe the relevant circumstances, the nature of the work performed, and how it is used.
11. Are service organizations commonly used in relation to the subject matter of attest engagements? If so, please describe the relevant circumstances.
12. Are there circumstances in which accountants are engaged to perform agreed-upon procedures over an assertion rather than over subject matter? If so, please describe these circumstances.

13. Are engagement quality reviewers used in attest engagements performed under PCAOB attestation standards as they are under AT No. 1 and AT No. 2?<sup>15</sup> If so, please describe the circumstances in which they are used. What challenges or unintended consequences might arise if PCAOB attestation standards required an engagement quality review? Please describe specific concerns, if any, with such a requirement.

## Economic Implications

The staff is interested in the potential economic implications of updating PCAOB attestation standards.

14. Is data or other information on current practices available that would help to inform the staff's analysis? If so, please provide such data and other relevant information.
15. What economic implications (including potential benefits and costs) may be associated with updating PCAOB attestation standards, such as unintended consequences from the possible consolidation or elimination of certain standards? Please provide data and other relevant information.
16. Is there ongoing research or additional information that the staff should consider in evaluating the likely economic aspects of changes to PCAOB attestation standards? If so, please provide relevant details.

<sup>15</sup> AS 1220, *Engagement Quality Review*, sets forth requirements for engagement quality reviews, which apply to audits and to attest engagements performed pursuant to AT No. 1 and AT No. 2.

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