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October 26, 2022

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street N.W.  
Washington, D.C. 20006

By e-mail: [comments@pcaobus.org](mailto:comments@pcaobus.org)

**Re: Request for Information and Comment on the Application and Use of the PCAOB's Interim Attestation Standards**

Dear Office of the Secretary:

RSM US LLP ("RSM") appreciates the opportunity to provide input on the Public Company Accounting Oversight Board's ("PCAOB") Request for Information and Comment, *The Application and Use of the PCAOB's Interim Attestation Standards*, issued on September 26, 2022. RSM is a registered public accounting firm serving middle-market issuers, brokers and dealers.

We are supportive of the approach to collect information on matters related to the application and use of the PCAOB's interim attestation standards to determine whether changes are needed. As provided in our detailed responses below, the PCAOB's interim attestation standards are not widely used. Given the PCAOB's fulsome standard-setting agenda, it is not evident that devoting significant time to revising the interim attestation standards is warranted because existing standards promulgated by the Auditing Standards Board ("ASB") of the American Institute of Certified Public Accountants ("AICPA") are available, currently being used in practice and are meeting the needs of users of attestation assurance for both issuers and non-issuers. However, if it is determined that changes are needed, we strongly encourage that in doing so, the PCAOB consider the broadly used attestation standards of the ASB as a starting point. The ASB's attestation standards have been significantly revised and updated over the last 20 years to keep them fit for purpose in an ever-evolving environment. The ASB's attestation standards address a broad spectrum of attestation engagements, with ongoing monitoring of developments related to these standards by both the ASB and the AICPA's Assurance Services Executive Committee.

In addition to the ASB's attestation standards, the International Auditing and Assurance Standards Board ("IAASB") also has a suite of international assurance, review and other non-assurance standards, many of which have been recently updated. The IAASB is also embarking on the development of assurance standards for sustainability and related environmental, social and governance ("ESG") reporting engagements (further referred to in this letter as sustainability assurance engagements). If the PCAOB undertakes a project to revise the interim attestation standards, we strongly encourage the PCAOB to consider the IAASB's equivalent assurance, review or other non-assurance standards, and to continue to monitor the developments on sustainability assurance and leverage the information obtained from the significant outreach being done by the IAASB to develop new standards in this area. Leveraging and using the work already done by the ASB and the IAASB will, in our view, help the PCAOB in revising and developing its attestation standards more effectively, avoid creating unnecessary differences and enable

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a consistency for similar kinds of engagements performed in the U.S. (and globally). Consistency in performing engagements and reporting thereon is helpful to users of the reports and is, therefore, in the public interest. This consistency will be particularly important for any new standards related to sustainability assurance, which is a new and evolving area for all.

The following sets out our comments to the specific questions in the Request for Information and Comments. Our views are expressed in the context of the attestation engagements RSM undertakes.

**1. Aside from regulatory bodies, who are the users of attestation reports and how do they benefit from these reports? Please provide details.**

Attestation engagements are undertaken for a broad range of reasons, including beyond engagements required by law or regulation. RSM undertakes many types of attestation engagements, whether required by law or regulation or for another purpose, to deliver an attestation report on an examination, review or agreed-upon-procedures engagement. Our reports on such attestation engagements are intended to enhance the degree of confidence of users on a subject matter relevant to the engagement. The users of the attestation report could include a single user or may be a broader group of users depending on why the engagement has been undertaken, for example, the engaging party (management or the board), auditors of financial statements, customers, investors, issuers/underwriters or lenders (banks, creditors etc.). In undertaking these engagements, RSM uses the ASB's Statements on Standards for Attestation Engagements ("SSAE") No. 18, *Attestation Standards: Clarification and Recodification*, as amended by SSAE No. 19, *Agreed-Upon-Procedures Engagements*, SSAE No. 20, *Amendments to the Description of the Concept of Materiality*, SSAE No. 21, *Direct Examination Engagements* and SSAE No. 22, *Review Engagements* (the "ASB's attestation standards").

RSM also performs a limited number of attestation engagements using the dual-standard reporting<sup>1</sup> of the ASB's attestation standards and the PCAOB's interim attestation standards for Regulation Asset-Backed Securities ("AB") examination engagements and Securities Investor Protection Corporation ("SIPC") agreed-upon procedures engagements. The users of the reports from these engagements are generally the engaging party and regulators: however, for Regulation AB examination engagements the users could be any interested party (such as investors) as the Regulation AB examination reports are filed along with Form 10-K.

**2. Do users of attestation reports influence the type of attest engagements performed? If so, how? Please provide details.**

When attestation engagements are required by contract, law or regulation, the users of the report would likely not influence the type of attestation engagement performed. For other attestation engagements performed by our firm, the type of engagement would likely be influenced by the engaging parties and the needs of users. The main influence relates to the extent of assurance desired, which is reasonable assurance (i.e., an examination with an opinion), limited assurance (i.e., a review with a conclusion) or procedures and findings (i.e., an agreed-upon procedures with reporting of procedures and findings).

**3. What attestation reports do investors find to be most useful in making investment decisions? Please provide details.**

While our role is not that of an investor, in our view attestation reports that provide some form of assurance (i.e., reasonable or limited) will generally enhance the degree of confidence by users in the underlying subject matter.

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<sup>1</sup> As these engagements are not subject to the jurisdiction of the PCAOB, these engagements are performed under both the ASB's attestation standards and the PCAOB's interim attestation standards.

**4. Could changes to PCAOB attestation standards help to inform or protect investors? Please provide details**

As stated previously, we believe consistency in the performance and reporting standards of like services enhances the decision usefulness of information for investors. If the PCAOB undertakes a project to update the interim attest standards, we believe that starting with the existing ASB attestation standards, guides, interpretations and statements of position and taking into consideration the outreach and other work being done by the IAASB will result in standards that provide the most decision-useful information to investors.

**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).**

Where relevant to RSM's clients, and as required by regulation, the following engagements are performed by our firm using both the ASB's attestation standards and the PCAOB's interim attestation standards for which RSM issues dual-standard reports:

- Regulation AB examination engagements
- SIPC agreed-upon procedures engagements (SIPC-3 and SIPC-7)

**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.**

At present there has been no demand for these types of attestation engagements from our firm. However, we believe that AT 9101 interpretations 2, *Responding to Requests for Reports on Matters Relating to Solvency*, 3, *Applicability of Attestation Standards to Litigation Services*, and 4, *Providing Access to or Copies of Attest Documentation to a Regulator*, remain relevant and should be retained.

**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**

To date, we have only undertaken engagements and issued dual-standard reports in accordance with the ASB's attestation standards and the PCAOB's interim attestation standards for the engagements noted in our response to Question 5 above.

**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.**

If the PCAOB embarks on any projects to update its current interim attestation standards, we encourage that consideration be given to the relevant corresponding IAASB and ASB standards, including the extensive authoritative application guidance published by the AICPA (i.e., guides, interpretations and statements of position), as previously explained. Aligning the requirements for the same type of engagements in different sets of attestation standards will allow greater consistency of understanding by

investors and other users of the reports and enable any dual-standard reporting engagements to be more effectively and efficiently undertaken.

With regard to future anticipated use of standards for attestation engagements, we believe that further consideration should be given to the changes needed with regard to attestation standards for sustainability assurance. In doing so, we encourage the PCAOB to continue to monitor and leverage the guidance issued by the AICPA in this area, as well as the global work done by the IAASB in this area, and as any attestation standards specific to sustainability assurance are developed, ensure that they are consistent with U.S. and global practice.

**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.**

In RSM's experience for the attestation engagements that we undertake, it currently is not common to use specialists or the work of internal audit. However, as we look to the increased provision of attestation engagements related to the wide breadth of sustainability topics, we believe the use of specialists will increase because of the expansion of the scope of the subject matter. As entities determine their own system of internal control over sustainability information, we anticipate that they will also expand the use of internal audit over this information and relevant controls. Therefore, we encourage the PCAOB to include requirements relating to both the use of specialists and internal auditors in any revisions that are made to its interim attestation standards.

**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.**

In RSM's experience in the attestation engagements that we undertake, it currently is not common that we use other accountants on these engagements. However, depending on the type of engagement and the subject matter subject to attestation, other accountants may be needed for certain attestation engagements. We expect that the use of other accountants on attestation engagements would follow similar implementation to the use of other auditors for entities where other auditors are currently used for the purposes of issuing group financial statements. We, therefore, encourage the PCAOB to include requirements relating to the use of other accountants, including consideration of referencing other accountants in reports issued in any revisions that are made to its interim attestation standards.

**11. Are service organizations commonly used in relation to the subject matter of attest engagements? If so, please describe the relevant circumstances.**

In RSM's experience in the attestation engagements that we undertake, it currently is not common that we rely on the work from a service organization. However, depending on the type of engagement and the subject matter subject to attestation, there is a possibility that requirements related to considerations around the use of service organizations may be needed for certain attestation engagements, and we, therefore, encourage the PCAOB to include requirements relating to the use of service organizations in any revisions that are made to its interim attestation standards.

**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.**

It is RSM's experience that agreed-upon procedures engagements are performed on subject matter rather than assertions.

**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?\*** 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.

**\* 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**

Currently, RSM's use of the PCAOB's interim attestation standards is generally on engagements where the firm undertakes the financial statements audit using PCAOB standards, and there is an engagement quality review for such audits. The related attestation engagements performed using the PCAOB's interim attestation standards are also subject to engagement quality review according to firm policy and our application of risk management principles. Notwithstanding that our firm requires an engagement quality review for the engagements we undertake using the PCAOB's interim attestation standards, it is our view that the PCAOB's standards more broadly are not clear about whether an engagement quality review is required when using the PCAOB's interim attestation standards.

The requirement for an engagement quality review is a matter of quality management for the firm and is generally linked to the risk of the engagement. We also recognize that there are certain engagements where it is in the public interest that an engagement quality review is undertaken regardless of the firm's assessment of the risk of the engagement. A requirement in PCAOB attestation standards that an engagement quality review be performed for all attestation engagements of issuers would be more restrictive than the recently issued quality management standards of the IAASB<sup>2</sup> or the ASB.<sup>3</sup> We believe the PCAOB should coordinate its determination of when an engagement quality review is required for attestation engagements with the framework that is due to be proposed related to the firm's system of quality control (or quality management).

**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.**

RSM has nothing further to add.

**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.**

New and revised standards require the education of all stakeholders (including investors and practitioners) that will take resources and time. In addition, firms will need to update manuals, tools, related guidance and provide training for new and revised standards. The nature and extent of time and resources needed to educate, and update, would depend on the changes that are made and would, therefore, not be quantifiable at this time.

We would again like to encourage the PCAOB to consider other similar attestation standards of the ASB and IAASB, including the AICPA's authoritative application guidance in making any changes, to enable a greater consistency when performing similar engagements. For firms, this will help make attestation engagements more efficient if the approach and procedures are similar for the same type of engagement

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<sup>2</sup> International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, paragraph 34 (f).

<sup>3</sup> Statement on Quality Management Standards 1, *A Firm's System of Quality Management*, paragraph 35 (f).

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using different standards. For investors and other users of the reports, this will avoid unintended consequences of confusion about differences in performance or reporting standards.

**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.**

RSM has nothing further to add.

We would be pleased to respond to any questions the Board or its staff may have about our comments. Please direct any questions to Sara Lord, Chief Auditor, at 612.376.9572, or Adam Hallemeier, Deputy Chief Auditor, at 619.641.7318.

Sincerely,

*RSM US LLP*

RSM US LLP