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Auditing Standards Board
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via email to commentletters@aicpa-cima.com

Re: *SSAE Scope Limitations in a Review Engagement*

RSM US LLP (RSM) appreciates the opportunity to comment on the American Institute of Certified Public Accountants (AICPA) Auditing Standard Board's February 27, 2025, Proposed Statement on Standards for Attestation Engagements, *Scope Limitations in a Review Engagement* (the proposed SSAE). RSM is a leading provider of audit, tax and consulting services focused on the middle market.

Overall, we are supportive of the objective of the proposed narrow scope amendments in the proposed SSAE. As requested, we have the following general feedback and specific responses on the aspects of the proposed interpretations and revisions upon which the Auditing Standard Board (the Board) is seeking feedback. Where we have proposed changes to the language in the proposed SSAE, **boldface italics** denotes new language and deleted text is shown in ~~strike through~~.

General feedback on the use of "subject matter"

Per the definition of a review engagement in paragraph .12 of AT-C section 105, *Concepts Common to All Attestation Engagements*, the practitioner provides a conclusion on the subject matter information. As such, we believe that there are instances of "subject matter" that should be changed to "subject matter information." The specific instances are noted within our responses below.

Comments on Specific Questions

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| 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? |
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Yes, we believe it is prudent for U.S. attestation standards to allow for the issuance of qualified conclusions and disclaimers of conclusion due to scope limitations encountered while performing review engagements in the limited circumstances described in the proposed SSAE. In particular, the evolving landscape of sustainability reporting, including increasing regulatory and reporting requirements, which may result in entities not having fully implemented appropriate processes or controls or lacking necessary supporting documentation, necessitates such additional conclusion modifications.

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| 2. Do respondents believe that the proposed effective date of the SSAE is appropriate? If not, why not? |
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Yes, we believe that the proposed effective date of the SSAE is appropriate.

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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?

Yes; however, per the definition of a review engagement in paragraph .12 of AT-C section 105, the practitioner provides a conclusion on the subject matter information. As such, we believe that "subject matter" in proposed paragraphs .30a, .30b and .A41 (as renumbered) should be changed to "subject matter information."

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?

Yes; however, we note the following for the Board's consideration:

- Per the definition of a review engagement in paragraph .12 of AT-C section 105, the practitioner provides a conclusion on the subject matter information. As such, we believe that "subject matter" in proposed paragraphs .53a, .53b, .A97 (as renumbered) and .A99 should be changed to "subject matter information."
- We propose an editorial update in each of the three bullets in amended paragraph .A97 (as renumbered) to add "(s)" to "matter" in "the separate paragraph that describes the nature of the matter(s) giving rise to the modification" for consistency with how the term is used in the remainder of the illustrative paragraphs. In addition, we propose the same editorial update in the third bullet of the same paragraph, "because of the significance of the matter(s) described in...."
- Because paragraph .A99 specifically relates to scope limitations that occur *after* engagement acceptance, and to avoid misapplication of the narrow scope amendments when scope limitations exist *prior* to engagement acceptance, we propose an update to paragraph .A99 as follows, as scope limitations that exist prior to engagement acceptance is addressed as a precondition consideration in paragraph .29b.iii of AT-C section 105:

~~.A99 The procedures performed in a review engagement are, by definition, limited compared with those performed in an examination engagement. 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.)⁴ If a further 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, 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.**~~

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?

Yes, we agree that withdrawal should be the "default" when a scope limitation exists that could result in material and pervasive undetected misstatements, and we agree that guardrails should be applied to disclaimers of conclusion. Permitting disclaimers of conclusion when withdrawal is not possible under law or regulation seems to provide adequate guardrails.

Additionally, for the Board's consideration, we note the following on the paragraphs relating to a disclaimer of conclusion:

- Per the definition of a review engagement in paragraph .12 of AT-C section 105, the practitioner provides a conclusion on the subject matter information. As such, we believe that "subject matter" in proposed paragraphs .53c, .61 (as renumbered), .62, .A100, .A101 (as renumbered) and .A102 should be changed to "subject matter information."
- The use of "omitted procedures" in proposed paragraph .A102 seems to imply that the practitioner is at fault and did not comply with the requirements of AT-C section 210. We propose changing the language in paragraph .A102 to "...effect of the ~~omitted~~ procedures **that the practitioner was unable to perform** on the practitioner's...", which would be consistent with the use of "inability to perform a specific procedure" in paragraph .A103.
- We propose an update to the second sentence in proposed paragraph .A100 to change the language to "...that the engaging party is required to report **on underlying subject matter** to a regulator ~~on subject matter~~..." to clarify that the context of "subject matter" is related to the report rather than the regulator (i.e., it's a report on the "subject matter," not necessarily a regulator of the "subject matter").
- Because paragraph .A100 states "based on the agreed-upon terms of the engagement" instead of "based on the practitioner's knowledge," we propose that new application guidance be added to paragraph .09a to clarify that the terms of the engagement may include reference to the fact that the engaging party is required to report to a regulator and that there is a regulatory expectation that such report will be accompanied by a practitioner's review report.

.A2A When the engaging party is required to report on underlying subject matter to a regulator and there is a regulatory expectation that such report will be accompanied by a practitioner's review report, the practitioner may memorialize the aforementioned in the terms of the engagement.

- We propose an editorial update in proposed paragraph .62d to add "(s)" to "matter" in "the separate paragraph that describes the nature of the matter(s) giving rise to the modification" for consistency with how the term is used in paragraph .A97.

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

Yes; however, per the definition of a review engagement in paragraph .12 of AT-C section 105, the practitioner provides a conclusion on the subject matter information. As such, we believe that "subject matter" in proposed paragraphs .39a, .55, .56, .A95 (as renumbered) and .A98 should be changed to "subject matter information."

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.

In addition to our responses to questions 4 and 5 above relating to adding new application guidance to paragraphs .06 and .09a, we note the following for the Board's consideration:

- We propose, specifically due to the nuances that may arise from modifications of reports for sustainability engagements, that either an appendix be added to the proposed sustainability subject matter section or a decision tree (similar to that issued by the AICPA relating to AR-C Section 70) be published illustrating the various considerations of a practitioner in determining the appropriate report modification.
- We recommend amending example 3 of extant paragraph .A110 to include scope limitation as an option.
- We recommend including an example of a disclaimer of conclusion in extant paragraph .A110.

We appreciate this opportunity to provide feedback on the proposed SSAE and would be pleased to respond to any questions you may have about our comments. Please direct any questions regarding this letter to Jacques Rossouw at 212.372.1275, Lauren Horneff at 202.629.5171 or Sara Lord at 612.376.9572.