



United States Government Accountability Office
Washington, DC 20548

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Subject: The Peer Review Board's Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews - *Scope of System Review and Must Select Engagements*

This letter provides the U.S. Government Accountability Office's (GAO) comments on the AICPA Peer Review Board's (PRB) proposed changes to the standards that would add all examinations performed under the Statements on Standards for Attestation Engagements (SSAE) to the scope of a System Review, and add Service Organization Control (SOC) 1 and 2 engagements to the types of engagements that must be selected in a System Review.

GAO's view

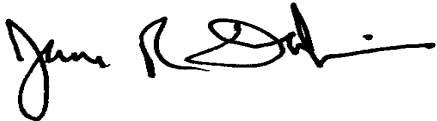
GAO supports the PRB's proposed changes to the standards. We agree with the PRB that the risk of noncompliance by practitioners is the same for examinations performed under the SSAEs and audits performed under the Statements on Auditing Standards (SASs). Specifically, as noted by the PRB, consistent with audits, all examinations under the SSAEs require the practitioner to perform procedures to reduce attestation risk to a level that is appropriately low for a high level of assurance. Therefore, including these engagements into the scope of engagements that can be selected for a Systems Review will help promote quality in the accounting and auditing services that are provided by firms and individuals.

Similarly, we support the proposed change to include SOC 1 and SOC 2 engagements into the list of "must select" engagements. Auditors of entities that

use service organizations depend upon the service auditors' reports resulting from SOC 1 engagements, which assist them in determining the nature, timing, and extent of their planned audit procedures. SOC 2 reports are intended to meet the needs of a broad range of users, including management of the user entities, to make operational decisions. Accordingly, we agree with the PRB that it is important to promote and ensure the integrity of services related to SOC reporting to assist auditors of entities that use service organizations, in addition to other stakeholders who depend upon this information for decision making.

We thank you for considering our comments on this important issue. We believe your approach will enhance the quality of accounting and auditing services and ensure the integrity of audit services related to SOC reporting.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Dalkin", with a stylized flourish at the end.

James R. Dalkin
Director
Financial Management and Assurance