

## Public Sector Update

# New Rules for Auditor Involvement in Exempt Offering Documents

By Marcia L. Marien, CPA, Partner

The Auditing Standards Board (ASB) last year released Statement on Auditing Standards (SAS) No. 133, *Auditor Involvement with Exempt Offering Documents*. This SAS addresses the auditor's responsibilities when the auditor's report on the financial statements is included, or incorporated by reference, in an exempt offering document, such as for municipal bond offerings, **AND** the auditor is considered "involved" in such exempt offering document.

### Examples of Auditor Involvement

An auditor is considered involved in an exempt offering document if the auditor's report is included, or incorporated by reference, and the auditor performs any one or more of the following:

1. assists the entity in preparing information (in addition to the financial statements) that will be included in the document,
2. reads a draft of the exempt offering document at the entity's request,
3. issues a comfort or similar letter or an agreed-upon procedures report on information included in the exempt offering document,
4. participates in due diligence discussions with underwriters, placement agents, broker-dealers, or other financial intermediaries in connection with the exempt offering,
5. issues any attestation report on information relating to the exempt offering,
6. provides written agreement for the use of an auditor's report in the exempt offering,
7. updates an auditor's report for inclusion in the exempt offering document.

### Procedures Required if Auditor Involved

When the auditor is considered involved, the auditor is required to do additional procedures outside the scope of the audit. These steps include:

- reading the offering document in order to identify material inconsistencies with the audited financial statements;
- performing procedures to review events subsequent to the issuance of the audit report and up to the issuance of the exempt offering document; and
- obtaining written representations from management.

These procedures should be performed before the offering document is released.

### Effective Date

SAS No. 133 is effective for exempt offering documents with which the auditor is involved that are initially distributed, circulated, or submitted on or after June 15, 2018. It is very similar to what was previously included in the **AICPA's Audit and Accounting Guide: State and Local Governments**.

## Key Point

The intent of the ASB is to protect the public interest and promote consistency in practice. The public trust is the cornerstone of the professional practice of PKF O'Connor Davies, LLP as we integrate the provisions of SAS No. 133 into our accounting and auditing system.

## Contact Us

For more information about SAS No. 133 or other regulatory promulgations affecting your organization, please contact any of the following or a member of your PKF O'Connor Davies team:

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