



Home of the Trusted Professional

3 park avenue, at 34th street, new york, ny 10016-5991

212.719.8300 • fax 212.719.3364

www.nysscpa.org

May 11, 2005

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

By e-mail: comments@pcaobus.org

Re: PCAOB Release No. 2005-002 – Proposed Auditing Standard – Reporting on the Elimination of a Material Weakness, March 31, 2005.

Dear PCAOB Board Members:

The New York State Society of Certified Public Accountants, the oldest state accounting association, representing approximately 30,000 CPAs, endorses the PCAOB's proposal to create a mechanism for engagements to report on the elimination of internal control weaknesses. The increased focus on internal control is a positive development, which, however, carries with it negative repercussions to issuers that have other than a clean opinion at their year-end audit. This proposed standard provides an incentive for early correction of internal control weaknesses by permitting the auditor to issue an internal control attestation on an interim basis.

Overall, the standard is well written and consistent with AS 2, but additional attention should be paid to the following issue:

- Although such engagements are designed to be narrowly focused on very specific controls, testing cannot be carried out in complete isolation from the rest of the internal control system. Therefore, in principle, other internal control weaknesses could come to the auditor's attention that are neither the subject of the current engagement nor identified as weaknesses at the year-end audit. The standard should address what the auditor's responsibilities are in pursuing such cases when they arise and how the identification of a new weakness should be reported.
- Some non-standard reporting examples should also be provided.

The NYSSCPA's Auditing Standards and Procedures Committee drafted these comments. If you would like additional discussion with us, please contact the committee

chair, Mark Mycio at (212) 372-1421, or Robert Colson, NYSSCPA staff, at (212) 719-8350.

Sincerely,

John J. Kearney
President

NYSSCPA 2004 - 2005 Board of Directors

John J. Kearney, <i>President</i>	William Aiken Deborah L. Bailey-Browne	David W. Henion Raymond P. Jones
Stephen F. Langowski, <i>President-elect</i>	Spencer L. Barback Thomas Patrick Casey	Don A. Kiamie Nancy A. Kirby
Raymond M. Nowicki, <i>Secretary</i>	Andrew Cohen Ann B. Cohen	John J. Lauchert Howard B. Lorch
Arthur Bloom, <i>Treasurer</i>	Michelle A. Cohen Walter Daszkowski	David J. Moynihan Robert S. Peare
Peter L. Berlant, <i>Vice President</i>	Anthony G. Duffy Barbara S. Dwyer	Richard E. Piluso Joseph J. Schlegel
Katharine K. Doran, <i>Vice President</i>	Robert L. Ecker Mark Ellis	Robert E. Sohr C. Daniel Stubbs, Jr.
Andrew M. Eassa, <i>Vice President</i>	David Evangelista Phillip E. Goldstein	Edward J. Torres Robert N. Waxman
Louis Grumet, <i>ex officio</i>	Neville Grusd	Philip G. Westcott Philip Wolitzer

NYSSCPA 2004 - 2005 Accounting & Auditing Oversight Committee

Paul D. Warner, Chair	Thomas O. Linder	Steven Rubin
Gary E. Carpenter	Eugene D. Mahaney	Ira M. Talbi
Joseph W. Duggan	Robert S. Manzella	George I. Victor
Robert A. Dyson	Mark Mycio	Robert N. Waxman
David J. Hasso	Eric J. Rogers	Paul J. Wendell
Elliot L. Hendler	Mitchell Rosendorf	Margaret A. Wood
Michele M. Levine		

NYSSCPA 2004 - 2005 Auditing Standards and Procedures Committee

Mark Mycio, Chair	Fred R. Goldstein	Bernard H. Newman
Anthony Basile	Neal B. Hitzig	Raymond A. Norton
Robert W. Berliner	Mary-Jo Kranacher	Richard G. O'Rourke
Frank A. Bianculli	Elliot A. Lesser	Victoria L. Pitkin
Christopher A. Brown	Joseph E. Manfre	Gentiana Shameti
Romolo R. Calvi	Stephan R. Mueller	Thomas Sorrentino
Kyu Cho	Lawrence E. Nalitt	George I. Victor
Michael H. Ehrenpreis	Wayne Nast	William H. Walters
Philip Gaboury	Bruce H. Nearon	Robert N. Waxman Barry Wexler

NYSSCPA Staff

Robert H. Colson