

April 27, 2010

Ms. Sherry Hazel  
AICPA  
1211 Avenue of the Americas  
New York, N.Y. 10036-8775

By e-mail: shazel@aicpa.org

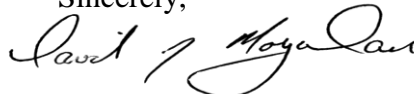
**Re: Proposed Statement on Auditing Standards, *Audit Evidence – Specific Considerations for Selected Items***

Dear Ms. Hazel:

The New York State Society of Certified Public Accountants, representing 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Auditing Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Robert N. Waxman, Chair of the Auditing Standards Committee at (212) 755-3400, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



David J. Moynihan  
President

Attachment

**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON  
PROPOSED STATEMENTS ON AUDITING STANDARDS,  
*AUDIT EVIDENCE – SPECIFIC CONSIDERATIONS FOR SELECTED ITEMS***

**April 27, 2010**

**Principal Drafters**

**Vincent Gaudiuso**

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Ernest J. Markezin  
William R. Lalli

**New York State Society of Certified Public Accountants**  
**Auditing Standards Committee**

**Comments on**  
**Proposed Statements on Auditing Standards, *Audit Evidence – Specific Considerations for Selected Items***

The New York State Society of Certified Public Accountants welcomes the opportunity to comment on the AICPA Auditing Standards Board's (ASB) proposed statement, *Audit Evidence – Specific Considerations for Selected Items*.

We support the ASB's efforts to improve the clarity and reduce the complexity of auditing standards as well as its ongoing goal to converge the proposed standards with International Standards on Auditing (ISAs).

We agree with the content of this proposed standard; however, we identified certain matters where additional guidance maybe helpful in implementing the standard.

**Responses to specific questions**

**1. Are the objectives of the auditor appropriate?**

Yes, the auditor's objectives are appropriate.

**2. Are the revisions made to converge the existing standards with ISA 501 appropriate?**

Yes, the revisions made to converge with the ISA are appropriate.

**3. Are the differences between the proposed SAS and ISA 501 identified in the exhibit, and other language changes, appropriate?**

Yes, the differences between the proposed SAS and the ISA, and other language changes, are appropriate.

**4. Have considerations for audits of smaller, less complex entities and governmental entities been dealt with appropriately?**

We believe that the guidance provided for auditors of smaller, less complex entities has been dealt with appropriately.

## **Other Comments**

**With respect to the change to paragraph 6 of extant AU section 337 previously discussed, the ASB seeks the views of responders about whether seeking direct communication with the entity's external legal counsel through a legal inquiry, based on the assessment of the risk of material misstatement, is appropriate.**

Assessing the risk of material misstatement in the area of litigation, claims and assessments is difficult without the input of an entity's legal counsel. The audit procedures outlined in paragraph 16 include adequate guidance with respect to audit procedures designed to identify the nature and existence of litigation, claims and assessments. However, we believe that assessing the risk of material misstatement, whether in terms of measurement or in quantity or quality of disclosure, with respect to litigation claims requires direct communication with the entity's attorney. As mentioned in paragraph A48, *"...an auditor ordinarily does not possess legal skills and therefore, cannot make legal judgments concerning information coming to his (her) attention."* Direct communication should be a required audit procedure in accumulating audit evidence regarding known litigation and known and unasserted claims and assessments.