

May 14, 2010

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

By e-mail: shazel@aicpa.org

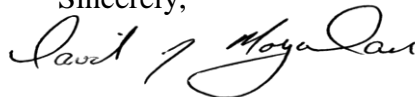
**Re: Proposed Statement on Auditing Standards, *Consistency of Financial Statements***

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,  
*CONSISTENCY OF FINANCIAL STATEMENTS***

**May 14, 2010**

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

**Comments on**  
**Proposed Statements on Auditing Standards, *Consistency of Financial Statements***

The New York State Society of Certified Public Accountants welcomes the opportunity to comment on the AICPA Auditing Standards Board's (ASB) proposed statement, *Consistency of Financial Statements*. We support the ASB's efforts to improve the clarity and reduce the complexity of auditing standards.

**Responses to Specific Questions**

**1. Is the objective of the auditor appropriate?**

See our comment number 6 below relating to paragraph 3.

**2. Are the revisions from the existing standard appropriate?**

See our comments below.

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

There is no need to consider less complex and smaller entities in this proposed SAS.

**Other Comments**

1. The term "material misstatement," is introduced in paragraph 3 and used throughout this proposal. Page 4 of the proposal says that the Board considered the requirements of FAS 154 (ASC 250), *Accounting Changes and Error Corrections*. The proposal does not use the term "error" while FAS 154 does not use the term "material misstatement;" therefore, we recommend that these terms be explained in a footnote to the final standard.

2. In order for Paragraph 3 to better state the objective, we recommend substituting "emphasis of matter paragraph" for the word "appropriately" and reordering the sentence. Thus, the sentence would read as follows:

When the auditor determines that the comparability of financial statements between periods has been materially affected (by a change in accounting principle or by adjustments to correct a material misstatement in previously issued financial statements), the auditor must include an emphasis of matter paragraph in the auditor's report.

3. Paragraph 6 says that "...the auditor should address the consistency between the periods covered by the auditor's report, as well as the period prior to the earliest period reported on by the auditor." We recommend that this be clarified and that the language in extant AU 420.22 (on *Consistency of Application of Generally Accepted Accounting Principles*) be included here. This may be accomplished by adding the underlined to the end of the sentence "...reported on by the auditor regardless of whether financial statements for the preceding period are presented."

4. Paragraph A8 contains an example of an emphasis of matter paragraph when the entity has made a voluntary change in accounting principle. We do not believe that this example is meant to illustrate the language that can be used to explain (a) a change in accounting estimate effective by a change in accounting principles (paragraph A9), or (b) a change in the reporting entity (paragraph A10). We recommend that examples of emphasis of matter paragraphs be added to cover these two situations.

5. Paragraph A13 contains an example of an emphasis of matter paragraph when there has been a correction of a material misstatement in previously issued financial statement: "As discussed in Note X to the financial statements, the 20X2 financial statements have been restated to correct a misstatement."

We recommend that the word "material" be inserted before the word "misstatement" in situations other than that mentioned in paragraph A11. Otherwise, the final standard should explain why the use of the term "material" is inappropriate.

6. Paragraph A14 discusses changes in classifications when there is a change in accounting principle. We recommend that an example be provided to illustrate the wording to be used in the emphasis of matter paragraph.

7. Regarding the emphasis of matter paragraphs, a modified opinion is defined in paragraph 6 of the AICPA's proposal ("Modifications to the Opinion in the Independent Auditor's Report") as a qualified, adverse or a disclaimer of opinion. Therefore, we recommend that the word "qualified" be changed to "modified," so that the sentence would read, "Our opinion is not modified..." However, we believe this sentence is excess verbiage because all modified opinions are clearly worded as such, and the emphasis paragraph always follows the opinion paragraph. For these reasons, we recommend that this sentence be removed.