

July 17, 2009

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, *Subsequent Events and  
Subsequently Discovered Facts***

Dear Ms. Hazel:

The New York State Society of Certified Public Accountants, representing 30,000 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 STATEMENT ON AUDITING STANDARDS  
SUBSEQUENT EVENTS AND SUBSEQUENTLY DISCOVERED FACTS**

**July 17, 2009**

**Principal Drafters**

**Robert W. Berliner  
Fred R. Goldstein  
Jan C. Herring  
Richard T. Van Osten**

### **NYSSCPA 2009 – 2010 Board of Directors**

David J. Moynihan, <i>President</i>	Scott M. Adair	Gail M. Kinsella
Margaret A. Wood, <i>President-elect</i>	Cynthia D. Barry	Nancy A. Kirby
Joseph M. Falbo Jr., <i>Secretary/Treasurer</i>	John Barone	J. Michael Kirkland
Elliot A. Lesser, <i>Vice President</i>	Susan M. Barossi	Mark G. Leeds
Mark L. Meinberg, <i>Vice President</i>	S. David Belsky	Heather Losi
C. Daniel Stubbs, Jr., <i>Vice President</i>	Ian J. Benjamin	Anthony J. Maltese
Liren Wei, <i>Vice President</i>	Anthony Cassella	Barbara A. Marino
Louis Grumet, <i>ex officio</i>	Sherry L. DelleBovi	Avery E. Neumark
	Sharon Sabba Fierstein	Joel C. Quall
	Robert L. Goecks	Ita M. Rahilly
	David R. Herman	Erin Scanlon
	John B. Huttlinger, Jr.	Thomas M. VanHatten
	Martha A. Jaeckle	George I. Victor
	Suzanne M. Jensen	Charles J. Weintraub
	Robert Kawa	Jesse J. Wheeler

### **NYSSCPA 2009 – 2010 Accounting & Auditing Oversight Committee**

Mitchell J. Mertz, <i>Chair</i>	Edward P. Ichart	Bruce I. Sussman
Jay H. Goldberg	Mark Mycio	Robert N. Waxman
Anthony S. Chan	William M. Stocker III	

### **NYSSCPA 2009 – 2010 Auditing Standards Committee**

Robert N. Waxman, <i>Chair</i>	Fred R. Goldstein	Bernard H. Newman
Gillad C. Avnit	Menachem M. Halpert	John C. Parcell IV
Robert W. Berliner	Jan C. Herringer	William J. Prue
Karin Blaney	Neal B. Hitzig	Andrew W. Reiss
Roberto Bolanos	Anil Kumar	Michael A. Sabatini
Rosanne G. Bowen	Elliot A. Lesser	John M. Sacco
Sharon M. Campbell	Moshe S. Levitin	Mark Springer
Robert J. Cordero	Ralph Lucarello	Stephen P. Tuffy
David DaSilva Jr.	Michael R. McMurtry	Richard T. Van Osten
Vincent Gaudiuso	Mark Mycio	Paul D. Warner
John F. Georger, Jr.	Lawrence E. Nalitt	Anna Zubets
	Wayne Nast	

### **NYSSCPA Staff**

Ernest J. Markezin  
William R. Lalli

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

**Comments on**  
**Proposed Statement on Auditing Standards, *Subsequent Events and Subsequently Discovered Facts***

The New York State Society of Certified Public Accountants welcomes the opportunity to comment on the AICPA Auditing Standards Board's (ASB) proposed Statement on Auditing Standards (SAS), *Subsequent Events and Subsequently Discovered Facts*. We generally agree with the content of this standard. However, we have identified certain matters which, in our opinion, require clarification.

The following are our responses to the specifically solicited matters:

**1) Are the auditor's objectives appropriate?**

Yes.

**2) Are the revisions made to the existing standards to converge with ISA No. 560 appropriate?**

Yes.

**3) Are the differences between the proposed SAS and ISA No. 560 identified in exhibit C, and other language changes, appropriate?**

Yes, however we have certain suggestions as noted below.

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

This issue, while relevant to other redrafted SASs to apply the ASB's clarity drafting conventions and to converge with ISA, is not applicable to this standard as there is no mention of different procedures for such entities.

We believe the following suggestions will improve the clarity of the standard:

**Footnote 1 to Paragraph 2**

This footnote discusses an expected exposure draft on "Forming an Opinion and Reporting on Financial Statements" when AU Section 508 is redrafted. As noted in our comment letter on the proposed suite of risk assessment standards dated May 6, 2009 ([Comments to the AICPA on Proposed Statements on Auditing Standards – Risk Assessment](#)), we believe that the ASB should develop a mechanism to ensure that references to yet to be exposed standards are appropriately tracked. Additionally, there are other footnote references similar to this footnote that should be considered, including footnotes 3 and 5.

**Paragraph 6**

The exposure draft has changed the definitions in Paragraph 5 of ISA No. 560, *Subsequent Events*, and eliminated definitions of (and references to) the date the financial statements are issued (or approved for issuance for other than public entities per FASB Statement No. 165, “Subsequent Events”), and has included instead a definition for report release date. We believe this terminology should be more consistent with both FASB Statement No. 165 and ISA No. 560.

**Paragraph 9**

We acknowledge that the proposed standard requires the auditor to perform subsequent events procedures so that they cover the period from the date of the financial statements to the date of the auditor’s report or *as near as practicable thereto* [emphasis added], and that the proposed standard is meant to be framework neutral. However, we believe that in order to provide helpful guidance to auditors, the proposed standard should address the dating of the auditor’s report as it relates to the required disclosure in paragraph 12 of FASB Statement No. 165.

We believe that the date of the auditor’s report should be the same as the date through which management has evaluated subsequent events. If the auditor’s report is dated subsequent to the date through which management has evaluated subsequent events, the auditor could be assuming more responsibility for the financial statements than management.

In addressing the dating of the auditor’s report, perhaps in the application guidance, we believe the ASB should recognize the practical considerations, including potential difficulties in obtaining written management representations, that the auditor may face in performing subsequent event procedures up to the date through which management has evaluated subsequent events (whether it be the date of issuance of the financial statements or the date the financial statements are available to be issued as set out in FASB Statement No. 165).

**Paragraph A9.**

This paragraph includes the phrase “may include.” We believe it would be more appropriate to include the phrase “should require,” as follows:

*As explained in proposed SAS, Agreeing the Terms of Audit Engagements, the terms of the audit engagement should require the agreement of management to inform the auditor of subsequent events and subsequently discovered facts.*

**Paragraph A11.**

This paragraph includes the phrase “the auditor is not precluded from extending.” We believe it would be more appropriate to include the phrase “it may be appropriate for the auditor to extend,” as follows:

*Even when the financial statements are amended and disclosure of the amendment is made, it may be appropriate for the auditor to extend the audit procedures referred to in paragraph 8 and 9 to the new date of the auditor’s report on the amended financial statements, as provided in paragraph 12.*