

December 17, 2007

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, N.W.
Washington, D.C. 20006-2803

By e-mail: comments@pcaobus.org

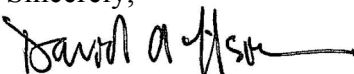
**Re: Preliminary Staff Views – An Audit of Internal Control that is Integrated with
an Audit of Financial Statements: Guidance for Auditors of
Smaller Public Companies (October 17, 2007)**

Ladies and Gentlemen:

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 Preliminary Staff Views referenced above.

The NYSSCPA's SEC Practice Committee deliberated the Preliminary Staff Views and drafted the attached comments. If you would like additional discussion with us, please contact Rita M. Piazza, Chair of the SEC Practice Committee, at (914) 684-2700, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



David A. Lifson
President

Attachment



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**COMMENTS ON PCAOB'S PRELIMINARY STAFF VIEWS (OCTOBER 2007) –
AN AUDIT OF INTERNAL CONTROL THAT IS INTEGRATED WITH
AN AUDIT OF FINANCIAL STATEMENTS: GUIDANCE FOR
AUDITORS OF SMALLER PUBLIC COMPANIES**

December 17, 2007

Principal Drafter

Anthony S. Chan

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New York State Society of Certified Public Accountants

Comments on PCAOB's Preliminary Staff Views – An Audit of Internal Control that is Integrated with an Audit of Financial Statements: Guidance for Auditors of Smaller Public Companies

We welcome the opportunity to comment on the Preliminary Staff Views and applaud the Staff's efforts in assembling the guidance. This principles-based guidance is properly aligned with the risk-based, top-down approach promulgated by Auditing Standard No. 5 and covers a broad range of topics that are essential to the planning of an effective and efficient integrated audit for smaller public companies. By supplementing its discussion with illustrative examples, the Staff has created an easy-to-use reference guide that promotes a more practical approach in the design of a scalable, efficient audit.

For this guidance to be more effective and practical, we suggest that the Staff consider expanding the scope of its discussion of the challenges that may arise in the audits of smaller public companies and provide more illustrative examples. Specifically, the guidance should:

1. Compare and contrast the different strategies that may be considered in scaling the audit for a "start-up, development-stage company" and "a mature business that is deemed small because of the size of its public float." Such comparison should be supplemented by a discussion on "how to weigh" the control risks and attributes associated with these two different types of companies.
2. Discuss the alternative approaches that may be considered in designing the audit for companies with an ineffective control environment and limited management review and oversight, and how such approaches may impact the related testing strategies.
3. Discuss the alternative approaches that may be considered in designing the audit for companies that do not have sufficient mitigating controls to address the risk of management override, and how such approaches may impact the related testing strategies.
4. Discuss the alternative approaches that may be considered in designing the audit for companies with poor segregation of duties and limited compensating controls to address the relevant fraud and financial reporting risks, and how such approaches may impact the related testing strategies.
5. Discuss the alternative approaches that may be considered in designing the audit for companies that do not have effective general IT computer controls over information security and change in control management, and how such approaches may impact the related testing strategies.

6. Discuss the alternative approaches that may be considered in designing the audit for companies that are heavily dependent on spreadsheets but do not have appropriate end-user computing controls, and how such approaches may impact the related testing strategies.
7. Contain a specific discussion on how to determine the correct test sample size without compromising the effectiveness of the audit.
8. Contain a specific discussion on how to aggregate, quantify and classify control deficiencies efficiently without compromising the effectiveness of the audit.
9. Describe the essential steps auditors must take to support their conclusion on control effectiveness.

In conclusion, we believe that the addition of more examples, as suggested above, would better illustrate the many complex situations that practitioners face and greatly improve reporting.