

June 3, 2009

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

By e-mail: shazel@aicpa.org

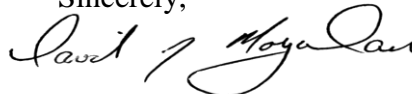
**Re: Proposed Statement on Auditing Standards, *Initial Audit Engagements,
Including Reaudits – Opening Balances***

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
INITIAL AUDIT ENGAGEMENTS, INCLUDING REAUDITS – OPENING
BALANCES**

June 3, 2009

Principal Drafters

**Mark Mycio
Lawrence E. Nalitt**

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New York State Society of Certified Public Accountants
Auditing Standards Committee

Comments on
Proposed Statement on Auditing Standards, *Initial Audit Engagements, Including Reaudits – Opening Balances*

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), *Initial Audit Engagements, Including Reaudits – Opening Balances*.

We support the ASB's decision to amend Statement on Auditing Standards No. 84 to provide a standard that specifically addresses initial audits. We generally agree with the content of this standard. However, we have identified the following matters which, in our opinion, require clarification:

Considerations when there is a predecessor auditor (paragraphs 7, A7 and A10):

We agree that a review of the predecessor auditor's working papers would not, on its own, provide sufficient evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements. However, paragraph A10 of the proposed SAS states that one of the matters that impact "the nature and extent of audit procedures necessary to obtain sufficient appropriate audit evidence regarding opening balances" is "whether the prior period's financial statements were audited and, if so, whether the predecessor auditor's opinion was modified." We recommend that the ASB clarify:

- (a) What impact the existence of a prior audit has on the nature and extent of audit procedures, and
- (b) The effect on that impact if it is found that the predecessor auditor's audit was deficient.

In stating that a prior audit has an impact, the proposed SAS could be interpreted to mean that it has some evidentiary value and lead practitioners to do less audit work when there is a prior audit than would be done if there was not a prior audit.

We also suggest the following edits to paragraph 7, because we believe that there should not be a presumptive requirement for the successor to review the working papers of a predecessor who started but did not complete the prior year's audit.

“In instances in which the prior period financial statements were audited **and reported on** by a predecessor auditor, the auditor should request that the client authorize the predecessor auditor to allow a review of the predecessor auditor's working papers to assist the auditor in planning the engagement.”

The following are our responses to the specifically solicited matters:

Are the auditor’s objectives appropriate?

Yes, the auditor’s objectives are appropriate.

Are the revisions made to the existing standards to converge with ISA No. 510 appropriate?

The revisions from the existing standard to converge with ISA No. 510 are appropriate.

Are the differences between the proposed SAS and ISA No. 510 identified in exhibit C, and other language changes, appropriate?

Yes, the identified differences are appropriate.

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

Considerations for audits of smaller, less complex entities and governmental entities have been dealt with appropriately.