

July 2, 2008

Ms. Sherry Hazel
Audit and Attest Standards
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

By e-mail: shazel@aicpa.org.

Re: **Proposed Statement on Auditing Standards No. 103 (Redrafted),
*Audit Documentation***

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 release.

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

Sincerely,


Sharon Sabba Fierstein
President

Attachment

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

**COMMENTS ON PROPOSED STATEMENT ON AUDITING
STANDARDS NO. 103 (REDRAFTED), *AUDIT DOCUMENTATION***

July 2, 2008

Principal Drafters

**Robert W. Berliner
Paul D. Warner
Robert N. Waxman
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New York State Society of CPAs

Comments on

Proposed Statement on Auditing Standards No. 103 (Redrafted), *Audit Documentation*

The Auditing Standards and Procedures Committee of the New York State Society of Certified Public Accountants has reviewed the Proposed Statement on Auditing Standards No. 103 (Redrafted), *Audit Documentation*, and presents the following comments:

A. Experienced Auditor

The Exposure Draft's Executive Summary points out one "issue for consideration" — a revised definition of "Experienced Auditor" in paragraph 6 that was changed to conform to the definition used in ISA 230.

There is no need for footnote 2. We would delete it by incorporating the "equivalency" directly in the definition, thusly –

"An individual (whether internal or external to the firm) who possesses the competencies and skills that would have enabled the individual to perform the audit ~~has practical audit experience (fn 2), and has~~ a reasonable understanding of (1)"

While the insertion of the word "reasonable" adds subjectivity (and perhaps unneeded ambiguity) to the definition that SAS 103 did not have, we agree with the change.

B. Removal of Documentation Required by SAS 103

We note that SAS 103, paragraph 10(d), stating, "That the accounting records agree or reconcile with the audited financial statements or other audited information" was deleted with the explanation that this requirement was duplicative of SAS 110, paragraph 52.

However, paragraph 52 does not specifically address audit documentation, stating that the "auditor's substantive procedures should include the following audit procedures related to the financial statement reporting process:

- Agreeing the financial statements, including their accompanying notes, to the underlying accounting records.”

As paragraph 10(d) was a presumptive requirement, the committee suggests that this paragraph be reinserted in new paragraph 8 of SAS 103R.

C. Smaller, Less Complex–Large and Complex Entities

Smaller, less complex entities are discussed in paragraphs A17 and A18. This notion of size and complexity also appears in paragraph A11 as “large and complex” audits. We know that “small” companies can be very complex and that “large” companies can be simple (or relatively less complex). Complexity does not necessarily correlate with size. We suggest that the Proposed Statement converge with ISA 230 with the elimination of the concept of "complex," leaving the auditor the flexibility to determine whether or not the entity under audit is "small."

D. Summary Memo (paragraph A11)

It is unnecessary to suggest that the summary memorandum, discussed in A11, may be titled “Completion Memorandum.” In that there are no other suggested titles for workpapers in this revision we would delete the parenthetical phrase in this paragraph.

E. Effective Date

Because there are relatively few new burdens placed on auditors by this revision, we recommend that the effective date be changed from audits of financial statements for periods beginning earlier than December 15, 2010 to audits of financial statements for periods beginning earlier than December 15, 2009

F. Documentation Completion (paragraph 15)

The requirement to complete the audit documentation no later than 60 days following the report release date should be conformed to the 45 day requirement in PCAOB AS3. In the collective experience of the Committee members, it would be very rare that an additional 15 days (past the 45 day PCAOB period) would be needed to assemble the audit files in final form.

G. Specific Questions Asked in the Executive Summary

In reply to the questions asked in the Executive Summary, our comments are as follows:

1. **Are the objectives to be achieved by the auditor, stated in the proposed SAS, appropriate?**

Yes, the auditor’s objectives in paragraph 5 are appropriately stated.

2. **Are revisions from the existing standards to converge with ISA 230 appropriate?**

Yes, with the exceptions noted above.

3. **Are the differences between the proposed SAS and ISA 230 identified in exhibit B, and other language changes, appropriate?**

Yes, these differences are appropriately identified.

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

Yes, with the important exception noted above.