

December 3, 2009

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

By e-mail: shazel@aicpa.org

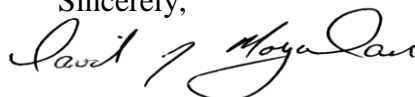
**Re: Proposed Statement on Auditing Standards, Auditing Accounting Estimates,
Including Fair Value Accounting Estimates and Related Disclosures (Redrafted)**

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



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

**COMMENTS ON
PROPOSED STATEMENT ON AUDITING STANDARDS
AUDITING ACCOUNTING ESTIMATES, INCLUDING FAIR VALUE
ACCOUNTING ESTIMATES AND RELATED DISCLOSURES (REDRAFTED)**

December 3, 2009

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New York State Society of Certified Public Accountants

Comments on

Proposed Statement on Auditing Standards, Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures (Redrafted)

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, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures*. We support the ASB's efforts to clarify the standards and converge with the International Standards on Auditing (ISAs) when appropriate in the U.S. environment.

Overall, we agree with the provisions of the proposed standard; however, we have the following comments for your consideration. Our comments are organized such that our overall observations on the proposed standard are presented, followed by responses to the specific questions posed in the explanatory memorandum.

Overall Comments for Consideration

One Comprehensive Standard to Replace SAS 57 and SAS 101

The explanatory memorandum explains that the proposed standard represents the combination of guidance from the extant standards, SAS No. 57, *Auditing Accounting Estimates* and SAS No. 101, *Auditing Fair Value Measurements and Disclosure* and that this was done in an effort to eliminate duplicative guidance and provide for a more principles based approach to auditing estimates. We support this approach because we believe that:

- (1) the elimination of redundant guidance within the standards improves clarity and
- (2) a principles based approach to auditing is the appropriate mechanism to improve audit quality.

However, while we support the principles based approach to developing standards, we believe that, in addition to the application guidance included within the proposed standard, it would be helpful to provide additional implementation guidance on auditing the fair value of complex financial instruments by developing an audit guide or another form of implementation guidance.

We understand that the International Auditing and Assurance Standards Board has recently issued a "Consultation Paper" to solicit comments for use in its project to revise International Auditing Practice Statement (IAPS) 1012, "Auditing Derivative Financial

Instruments,” and we believe that a similar effort would also be helpful in the U.S. environment.

Elimination of SAS 92, Auditing Derivative Instruments

The explanatory memorandum explains that the ASB has performed an analysis of the guidance included within SAS 92, *Auditing Derivative Instruments, Hedging Activities, and Investments in Securities*, and determined that much of the guidance was redundant and very similar to other requirements within the risk standards, and that the related application guidance, specific to derivative instruments, more appropriately would fit within the audit guide on derivatives. As noted above, we agree that it is appropriate to eliminate redundant guidance, but believe it would be helpful to practitioners if an analysis that describes the disposition of the guidance in extant AU Section 332, *Auditing Derivative Instruments*, be posted on the AICPA’s website.

Specific Questions

1. Is the objective of the auditor appropriate?

Yes.

2. Are the revisions made to converge the existing standards with ISA 540 (Redrafted) appropriate?

Yes.

3. Are the differences between the proposed SAS and ISA 540 (Redrafted) identified in the exhibit, and other language changes, appropriate?

We believe that the differences between the proposed SAS and the ISA, and other language changes, are generally appropriate.

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

Yes.