



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

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June 6, 2007

Sherry Hazel
Audit and Attest Standards
AICPA
1211 Avenue of the Americas
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Dear Ms. Hazel:

We appreciate the opportunity to respond to the discussion paper of the American Institute of Certified Public Accountants: *Improving the Clarity of ASB Standards*. Listed below are our responses to specific questions raised in the discussion paper.

Responses to specific questions:

1. Do you agree that the use of objectives, as proposed, will enhance the clarity of standards and how professional judgment should be exercised in applying them?

We agree that the use of objectives will help enhance the clarity of the standards and how auditors should exercise professional judgment in applying them as long as the AICPA provides a clear linkage between the 10 standards and the objectives of the SAS.

2. Which presentation do you believe will help you better understand and implement the standard?

We are neutral regarding the two new structures presented in the discussion paper; however, we believe both structures are improvements over the current structure since they differentiate between the requirements of the standard and the explanatory material. We do recommend, as indicated in our response to question 1, that the AICPA provide a clear linkage between the 10 standards and the objectives of the SAS. The two new proposed structures do not clearly make the linkage.

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3. Will inclusion of these special considerations throughout the SASs be helpful?

Inclusion of special considerations, where applicable, is helpful; however, we believe the AICPA needs to clarify which entities fall under the classifications of "public sector" and "small entities".

4. Will inclusion of a glossary of terms in the Codification of the Statements on Auditing Standards be helpful?

We agree that a glossary will be helpful; however, we are concerned with how the AICPA will apply the definitions. For example, will there be different definitions for the same term that is used in multiple standards and/or AU sections of the Codification or will the definition apply to the use of the term throughout the Codification (regardless of which standard and/or AU section). Further, will the AICPA revise the existing standards to ensure the definitions used for terms are consistent?

We appreciate the opportunity to provide our comments. Should you have any questions, please contact me or Staci Henshaw at (804) 225-3350.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts