

June 15, 2007

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

Dear Ms. Hazel:

We appreciate this opportunity to comment on the Discussion Paper entitled, *Improving the Clarity of ASB Standards*, as approved by the Auditing Standards Board (“ASB”). We strongly support the harmonization of the Statements on Auditing Standards (“SASs”) with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board, and appreciate the ASB’s efforts to solicit input on how to proceed with its clarity project. Below you will find our responses to the “Questions for Respondents” posed in the Discussion Paper.

We acknowledge that, as part of the clarity project, the ASB will also be considering the overall organization of the Codification of SASs, to ensure that the revised structure is the most logical, understandable and usable. We are strongly supportive of this objective, and would be happy to provide our input if needed.

RESPONSES TO “QUESTIONS TO RESPONDENTS”

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? Please explain why or why not.

Yes, we agree that the use of objectives will enhance the clarity of the standards and how professional judgment should be exercised in applying them. Specifically we agree with your proposal to:

- Retain the overall objective of the audit, the 10 standards and the requirements of the individual SASs

- Add an overall objective of the auditor (i.e., to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether caused by fraud or error, and to report on the financial statements in accordance with the auditor's findings) and establish objectives for each of the SASs (i.e., to provide the context within which the specific requirements are set forth);
- Clearly set out the relationships between each of the proposed elements of the structure.

We believe that it is important to retain the 10 standards as practitioners are very familiar with them as a foundation. We believe the addition of the overall objective of the auditor provides clarification and that the addition of an objective for each SAS will improve the link to the use of professional judgment. However, with the addition of objectives within each SAS, it will be important for the ASB to discuss the relationship between these objectives and the 10 standards, and for the clarified standards to clearly explain such relationship.

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

We believe it is preferable to retain the explanatory material with the requirements, as shown in Appendix 1, as we believe there is a risk that the explanatory material will not be considered if it is separated from the requirements. We also believe that having the two elements together will provide the reader with the appropriate context and will make the standards easier to read.

While it is beneficial to have the requirements graphically distinguished from the explanatory material, we are concerned that the use of the "shaded boxes" may be problematic, for example in developing technological solutions to present the text electronically, e.g., within web-based or other search engines. Additionally, other professional literature (i.e., FASB Original Pronouncements) uses "shaded boxes" to indicate text which has been superseded, so the use of "shaded boxes" for a different purpose within the SASs may be confusing to practitioners. We recommend that the ASB instead consider the use of bold and grey lettering to highlight the requirements from the explanatory material, as this would be a simpler presentation format and would avoid confusion with superseded text.

3. Will inclusion of special considerations for small entities and public sector entities throughout the SASs be helpful? Please explain why or why not.

Yes, we believe that inclusion of special considerations for small entities and public sector entities would be helpful, as it will provide useful guidance for auditors, tailored to these areas. The ASB needs to consider each "special consideration for public sector entities" individually and determine whether its inclusion would be appropriate in the respective SAS, or whether it would be more appropriate that the consideration be addressed by the GAO and included in Generally Accepted Governmental Auditing Standards (GAGAS).

June 15, 2007

Page 3

4. Will inclusion of a glossary of terms in the Codification of the Statements on Auditing Standards be helpful? Please explain why or why not.

Yes, we believe that inclusion of a glossary of terms in the Codification would be helpful, as it would serve as a useful resource for practitioners. However, we also recommend that the “definitions” section within each individual standard, with terms relevant to that specific standard, also be retained and that the definitions within both the SASs and in the glossary be identical.

We would be pleased to discuss the Discussion Paper and our comments with you at your convenience. If you have any questions, please contact Megan Zietsman at (203) 761-3142.

Sincerely,

/s/ Deloitte & Touche LLP