



California
Society

Certified
Public
Accountants

May 16, 2008

Sherry Hazel
Audit and Attest Standards
AICPA
1211 Avenue of the Americas
New York, NY 10036-8775

**RE: PROPOSED STATEMENT ON AUDITING STANDARDS NO. 103
(REDRAFTED) - Audit Documentation**

Dear Ms. Hazel:

The Accounting Principles and Auditing Standards Committee (the AP&AS “Committee”) of the California Society of Certified Public Accountants (CALCPA) is pleased to provide our comments to the Auditing Standards Board (ASB) on this Exposure Draft (ED).

The AP&AS Committee is the senior technical committee of CALCPA. CALCPA has approximately 32,000 members. The Committee is comprised of 54 members; 76 percent from local or regional firms, 13 percent sole practitioners in public practice, 4 percent from industry and 7 percent from academia.

We considered the questions asked in the ED of respondents. *A majority of the Committee does not believe that the language change from SAS 103 is appropriate with regard to the definition of an Experienced Auditor.* In all other respects we agree with the language in the ED.

Definition of Experienced Auditor

The majority of the Committee believe that there is a fatal flaw in the way the ED handles the issue of the “Experienced Auditor.” Although we acknowledge that the intention of the ASB is not to change the change the level of documentation from that currently required by SAS No. 103 we believe that using the label “Practical Audit Experience” is confusing and may be misinterpreted by regulators and the courts, among others.

We see that the ASB defined Practical Audit Experience in footnote two of the ED with a definition that closely approximates the extant language in SAS 103. We believe, however, that notwithstanding this definition, the use of the word “practical” within the term “practical audit experience” will likely lead regulators and courts to conclude that auditors must have worked on comparable audits of comparable entities. We believe that SAS 103 clearly establishes that an

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experienced auditor is one with the requisite competencies (as defined) as opposed to one who has necessarily literally has practical experience on a prior comparable client engagement.

We believe that if, in fact, the proposed ED converges with the comparable ISA that the language of the revised SAS should be drafted identically to SAS 103. We believe that application guidance should be provided describing that the terms in the ED mean the same thing as ISA 230 6(c). The approach of using the ISA terminology in a United States standard but then defining it to mean something similar to a different term from SAS 103 may place undue burdens on CPA practicing within the United States as regulators, courts and peer reviewers may conclude that the term “practical audit experience” has meaning different than the extant standard it replaced.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read 'M. Wille', with a horizontal line extending to the right.

Mark F. Wille, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants