



California
Society

Certified
Public
Accountants

May 27, 2009

Sherry Hazel
AICPA Audit and Attest Standards
1211 Avenue of the Americas
New York, New York 10036-8775
Email: shazel@aicpa.org

Re: Proposed Statement on Auditing Standards, *Consideration of Laws and Regulations in an Audit of Financial Statements*

Dear Ms. Hazel:

The Accounting Principles and Auditing Standards Committee (The “Committee”) of the California Society of Certified Public Accountants (“CalCPA”) has discussed the above-referenced exposure draft and is pleased to have the opportunity to provide comments on it.

The Committee is the senior technical committee for accounting principles and auditing standards of CalCPA. CalCPA has approximately 32,000 members statewide. The Committee is composed of 50 members, of whom 67% are from local or regional firms, 23% are sole practitioners in public practice, 5% are in industry, and 5% are in academia.

In response to the questions posed:

1. We believe that by changing the wording in Paragraph 12b from, “how the entity is complying with that framework” to “how the entity is **monitoring its compliance** with that framework,” the Paragraph would not impose requirements beyond that in extant U.S. standards. This change should be followed through at Paragraph A7, “...how the entity **monitors its compliance** with that framework...”
2. We believe that the auditor’s objectives are appropriate.
3. We believe that the revisions from the existing standards to converge with ISA 250 are appropriate for the most part. We would, however, like to see in Paragraph 6 clearer definitions for direct and indirect effects, including specific examples to provide clarity. For instance, environmental regulation, an example of regulations that do not have a direct effect, can impose disposal and remediation costs that have a direct effect on amounts in the financial statements.
4. We believe that the differences between the proposed SAS and ISA 250 are appropriate.

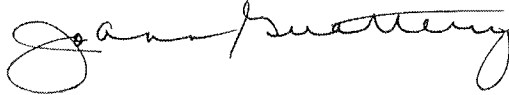
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5. We believe that considerations for audits of smaller, less complex entities and governmental entities have been dealt with appropriately.

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 cursive script that reads "JoAnn Guattery". The signature is written in black ink and is positioned below the closing phrase "Very truly yours,".

JoAnn Guattery, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants