

August 31, 2007

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

Dear Ms. Hazel,

RE: *Exposure draft: Statement on standards for accounting and review services, Elimination of Certain References to Statements on Auditing Standards and Incorporation of Appropriate Guidance Into Statements on Standards for Accounting and Review Services*

The Accounting Principles and Auditing Standards Committee of the California Society of Certified Public Accountants (the Committee) discussed the above-referenced exposure draft (ED) and is pleased to provide our comments.

The Committee is the senior technical committee of our state society. The Committee is comprised of 43 members, of whom 67% are from local or regional firms, 23 percent are sole practitioners in public practice, 5% are in industry and 5% are in academia.

We are in substantial agreement with the purpose of the proposed standard, which we feel would be helpful for those practitioners who do not perform audits. However, we have some concerns which are expressed below.

**Emphasis of a matter- p.45-.46**

"Emphasis of a matter" appears to create some additional category that has some characteristics of disclosure and some characteristics of reporting. We felt this section was a significant addition, with no explanation for the change and very little discussion of the difficulties in implementation. All the issues discussed as possible "emphasis paragraphs" seem to us to be appropriate as footnote disclosure, not expanded reporting. Our concern is that by adding "emphasis paragraphs", the report would become too diluted.

In regard to financials statements which omit significantly all disclosures, these "emphasis paragraphs" could result in the "independent" accountant creating the disclosures that management has elected to omit. We don't believe this was the intent of ARSC.

**P.61**

We recommend replacing the phrase "would be well advised to consult" with "may consider consulting".

**P.90**

There was some concern that deleting reference to SAS 56 for analytical procedures left the explanation and examples incomplete.

We thank you for the opportunity to comment on the exposure draft. 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