

September 8, 2006



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California  
Society

Re: A Firm's System of Quality Control

Certified  
Public  
Accountants

The Accounting Principles & Auditing Standards Committee of the California Society of Certified Public Accountants (the "Committee") submits the following comments on the proposed statement.

The AP&AS Committee is the senior technical committee of our state society. It has 43 members; 67 percent from local or regional firms, 23 percent sole practitioners in public practice, 5 percent from industry and 5 percent from academia.

The Committee discussed the exposure draft and the outcomes of the Committee's discussions are noted below.

The committee agrees with the guidance in the proposed standards. However, it does not feel that the additional documentation it requires is necessary in order for a firm to have a reasonable assurance of complying with professional standards. This is especially true for smaller firms where such documentation is not necessary in order for a firm to communicate to the staff, and even more so for sole practitioners.

The existing standards are for periods beginning on a certain date. We believe that the new standards should be effective as of July 1, 2008, rather than as of June 30, 2008. Thus, a firm with a year end of June 30, 2009 would have had the standards in place for that fiscal year and would be held to those standards in their monitoring and peer reviews.

An effective date as of June 30, 2008 could cause confusing because firms would be unsure as to whether they would have had to implement the standards for periods ending on that day, although not effective until that day.

The Committee would be pleased to discuss its comments further with the Board or its staff.

Very truly yours,

Robert R. Coté, Chair  
Accounting Principles and Auditing Standards Committee  
California Society of Certified Public Accountants

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