



California
Society
Certified
Public
Accountants

November 25, 2008

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

RE: Proposed Preface to Codification of Statements on Auditing Standards, Principles Governing an Audit Conducted in Accordance With Generally Accepted Auditing Standards, and Proposed Statement on Auditing Standards (SAS) Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards.

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 50 members, of whom 67 percent are from local or regional firms, 23 percent are sole practitioners in public practice, 5 percent are in industry and 5 percent are in academia.

Preface to the Codification

The AP&AS was split on its view of the preface. About half of AP&AS did not believe a preface was needed or desirable. The predominant view from this group is that the non-authoritative nature of the preface might be misunderstood by the legal and regulatory community. This group also believes that the clarified SAS's will stand on their own as authoritative. Almost half of the AP&AS did not find the content of the preface objectionable but they did not believe it a problem if the preface was omitted.

Question 1 – Are the objectives to be achieved by the auditor, stated in the proposed SAS, appropriate?

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A significant majority of the AP&AS did not believe that the phrase "whether due to fraud or error" should be included in the paragraph 11 statement of overall objectives of the auditor.

The terms "error" and "fraud" are technical terms that are found within the context of the SAS's. The committee believes that it is not self-evident that errors and fraud make up all possible misstatements and that a statement of the Overall Objective of the Auditor should only use terms that are self-evident or unambiguous. The AP&AS believes that the auditor's objective is the detection of *any* material misstatement. The phrase "whether due to fraud or error," may be seen as qualifying language and therefore possibly miscommunicate that there are material misstatements that the auditor is not responsible for.

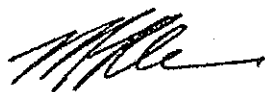
11. In conducting an audit of financial statements, the overall objectives of the auditor are

to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, ~~whether due to fraud or error~~, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework; and

to report on the financial statements, and communicate as required by GAAS, in accordance with the auditor's findings

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,



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

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