



National State Auditors Association

July 15, 2009

EXECUTIVE COMMITTEE

President
DEBBIE DAVENPORT
Auditor General
Arizona

President-Elect
WALTER J. KUCHARSKI
Auditor of Public Accounts
Virginia

Secretary/Treasurer
LYNN CANTON
Deputy Comptroller
State Services
New York

Immediate Past President
RUSSELL W. HINTON
State Auditor
Georgia

JANICE MUELLER
State Auditor
Wisconsin

DAVID A. VAUDT
Auditor of State
Iowa

ELAINE M. HOWLE
State Auditor
California

NASACT EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

CONTACT INFORMATION

Headquarters Office
449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503-3590
(859) 276-1147
Fax (859) 278-0507

Washington Office
444 N. Capitol Street, NW
Suite 234
Washington, DC 20001
(202) 624-5451
Fax (202) 624-5473

www.nasact.org

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

Dear Ms. Hazel:

On behalf of the National State Auditors Association, we appreciate the opportunity to respond to the AICPA Auditing Standards Board's proposed Statement on Auditing Standards entitled *Subsequent Events and Subsequently Discovered Facts*.

We have reviewed the proposed SAS and generally agree with the provisions contained therein. Below we have provided our response to the two issues for consideration and the guide for respondents noted in the exposure draft. We have also provided, by paragraph, comments or suggestions that we believe the Board should consider as it finalizes this document.

Issues for Consideration

Definition of subsequent events

We believe it is appropriate to include separate definitions for subsequent events and subsequently discovered facts to clearly distinguish the auditor's responsibilities for each, and to expand the definitions to use language that is consistent with language in the objectives and requirements of the ISA. We further agree with the Board that the changes in the definitions do not create differences between ISA No. 560 and the proposed SAS.

Reissuance of the auditor's report

We believe the proposed SAS makes clear the predecessor auditor's responsibilities regarding reissuing the auditor's report on previously issued financial statements of a prior period that are to be presented on a comparative basis with audited financial statements of a subsequent period. We also agree with the placement of these requirements in the proposed SAS.

Guide for Respondents

In response to the questions posed by the Board with regard to the proposed SAS, we believe the objectives; convergence revisions; differences between the proposed SAS and ISA No. 560; and considerations for audits of smaller, less complex entities and governmental entities are appropriate.

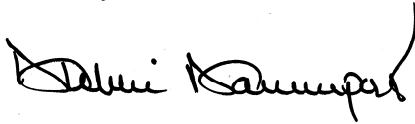
Other Comments

- General – We understand there was much deliberation among the Board regarding the use of FASB's accounting guidance for and definition of subsequent events. We appreciate and agree with the Board's decision to make this standard framework neutral.

- Paragraphs A13-A14 – These paragraphs do not contain an outer limit as to the length of time the requirements in paragraph 15 would apply. It seems that after the next year’s report is issued (or is soon to be issued), the requirements in paragraph 15 would not apply. We suggest the Board define an “end-date” in the explanatory paragraphs.
- Paragraphs A22-A25 – While we agree with the procedures described in these paragraphs and believe the responsibilities are clear, it is unclear as to whether the situations outlined paragraphs A23-24 are the only instances of when the requirements in paragraphs 18-19 would apply. If there are other conditions in which the requirements in paragraphs 18-19 would apply, we suggest the Board consider adding explanatory language to address those situations.

We appreciate the opportunity to respond to such an important document. Should you have any questions or need additional information regarding our response, please contact Sherri Rowland of NSAA at (859) 276-1147 or me at (602) 553-0333.

Sincerely,

A handwritten signature in black ink, appearing to read "Debbie Davenport". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Debbie Davenport
President, NSAA