



October 28, 2019

Sharon Macey
Audit and Attest Standards
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Dear Ms. Macey:

On behalf of the National State Auditors Association, we appreciate the opportunity to respond to the AICPA Auditing Standards Board's exposure draft on *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134*.

We agree with the proposed changes to existing standards, including the illustrative reports, and believe the changes are consistent with SAS No. 134. Overall the proposed changes are straight forward and should provide clarity to users. However, we do have the following suggestions for the ASB's consideration.

Comments Relating to AU-C 800, 805, and 810

1. The reference to "notes" is changed to "disclosures" throughout the amended sections. AU-C Section 805.A11 has one reference to "notes" changed. However, it contains two other references to "notes." These references should be changed to "disclosures" for consistency.
2. The opinion section of almost all illustrative reports included in AU-C Sections 800, 805, and 810 indicates that the statements and related notes have been audited. If the standards are being amended to change "financial statements and related notes" to "financial statements and related disclosures," the ASB should consider revising the opinion section in the illustrative reports to reflect this.

Comments Relating to AU-C 800 and 805

1. The amendments to AU-C Sections 800 and 805 should contain references to paragraphs 71b and 75e of Section 703 in the footnotes to the application guidance related to going concern in addition to the proposed references to Section 700 (that is, footnotes 19 and 20 to AU-C 800.A17 at page 22, and footnotes 11 and 12 to AU-C 805.A21 at page 45).

Comments Relating to AU-C 800

1. We suggest adding a footnote to AU-C Section 800.22c(ii) that addresses the auditor's requirement to include an additional opinion (in addition to the special purpose framework opinion) (i.e., dual opinion) when the financial statements, including notes, are for a general use and materially depart from GAAP. Illustration 4 demonstrates this required reporting (i.e., the financial statements together with the auditor's report are intended for general use).
2. We noted that AU-C Sections 800.A12 and 800.A24 both address achieving fair presentation, but consideration of the note disclosures has been removed from .A12. We think note disclosures should continue to be referenced in .A12, consistent with .A24.



3. The section header to AU-C Section 800.A19 at page 22 should read as follows:
Application of Section 700 or Section 703 When Reporting on Special Purpose Financial Statements.
4. Appendix B (paragraph A28) references paragraph .17a with the related requirements. This paragraph also includes the requirements of paragraph .17b. It would seem appropriate to change this reference to paragraph .17 since it covers the requirements of both paragraphs .17a and .17b. In addition, this would be consistent with the reference used in AU-C Section 800.A27.
5. We noted that the header of Illustration 1 (page 26) is not consistent with the other illustrative reports in this proposed SAS and SAS 134 (“Report on the Audit of Financial Statements” compared with “Report on the Audit of the Financial Statements”).
6. For Illustration 4 (page 34), “and position” should be omitted from the last sentence of the “Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph. It appears to have been duplicated.

Comments relating to AU-C 805

1. Illustration 3 (pages 52-54) – The illustration shows an Auditor’s Report in which the opinion on the complete set of financial statements was not modified and did not include an emphasis-of-matter paragraph or other-matter paragraph. It would be helpful to include an illustration for a situation in which the opinion on the complete set of financial statements was modified, or there were additional paragraphs that needed to be considered.

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 (617) 727-2075.

Sincerely,

Suzanne M. Bump
President, NSAA