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November 25, 2009

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 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures* (Redrafted).

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

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. 540; and considerations for audits of smaller, less complex entities and governmental entities are appropriate.

Comment

- Paragraph A103 – This paragraph includes various examples of when specialized skills may be required. We recommend that the AICPA modify the third bullet concerning complex calculations to also include an example related to when the auditor is evaluating work performed by an actuary. We suggest the third bullet be reworded as follows:

Complex calculations or specialized models are involved, for example, when estimating fair values when no observable market exists or when evaluating reasonableness of assumptions and methodologies used to make actuarial valuations.

Editorial Comments

- A9 and A10 heading (page 19) – A reference to paragraph 2 should be placed next to the "Management Bias" heading since paragraph 2 references to paragraphs A9 and A10.
- Paragraph A52 – The last word of the second line should be "require" not "requires."
- Pages 29 and 31 – The same major heading "Responses to the Assessed Risks of Material Misstatement" is used on page 29 and on page 31. We suggest that the heading on page 31 be revised.
- Paragraph A115 – The reference should be changed to "A78-A89" since paragraphs A85-A89 also include discussion about management assumptions.

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,

Debbie Davenport
President, NSAA