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United States Government Accountability Office
Washington, DC 20548

May 26, 2010

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Audit and Attest Standards
American Institute of Certified Public Accountants (AICPA)
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Subject: AICPA Auditing Standards Board (ASB) February 2010 Exposure Draft for the proposed Statement on Auditing Standards (SAS), entitled "*Consideration of Omitted Procedures After the Report Release Date.*"

This letter provides the U.S. Government Accountability Office's (GAO) comments on the ASB's proposed standards on *Consideration of Omitted Procedures After the Report Release Date.*

We support the proposed SAS and believe that it will help clarify the auditor's responsibilities when, subsequent to the report release date, the auditor concludes that one or more auditing procedures considered necessary to be performed at the time of the audit were omitted from the audit of the financial statements. Our responses to the questions on the changes resulting from applying the clarity drafting conventions and other comments are included in this letter.

GAO's Comments to Specific Questions

(1) Are the auditor's objectives appropriate?

Yes, we believe that the auditor's objectives are appropriate.

(2) Have considerations for audits of smaller, less complex entities and governmental entities been dealt with appropriately.

The proposed SAS does not include any special considerations for audits of smaller, less complex entities or for governmental entities. We are not aware of any unique issues in audits of governmental entities concerning omitted procedures. Therefore, we believe no special considerations are warranted for the proposed SAS.

Other Comments

Appropriateness of Paragraph 3

Paragraph 3 of the proposed standard states that the standard does not apply to an engagement in which the auditor's work is at issue in a threatened or pending legal proceeding or regulatory investigation. However, the paragraph does not explain the type of actions that the auditor should take in these circumstances. The paragraph implies that the auditor should not take any action, but taking no action may not be appropriate in all situations, for example, if the auditor discovered an omitted procedure as a result of a regulatory investigation. There are no similar provisions in other standards, including AU Section 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report*, which also addresses matters discovered after the audit.

Accordingly, we recommend adding in paragraph A2 that the auditor consult legal counsel in determining an appropriate course of action when the auditor's work is at issue in a threatened or pending legal proceeding or regulatory investigation, as follows:

A2. The period of time during which the auditor considers whether this proposed SAS applies to the circumstances of a particular engagement and then takes the actions, if any, that are required hereunder may be important. Because of legal implications that may be involved in taking the actions contemplated herein, the auditor may decide to consult with legal counsel in determining an appropriate course of action, for example, if an auditor's work is at issue in a threatened or pending legal proceedings or regulatory investigation. (Ref: par. 7-8)

Report Release Date vs. Date of the Report

The proposed SAS seems to use the terms "report release date" and "date of the auditor's report" interchangeably. AU Section 339 indicates, however, that these are two separate events although they may occur at about the same time. To reduce potential confusion that could result from the use of terms that have different meanings and to encourage consistency of practice, we recommend replacing "date of the report" with "report release date" in paragraph 9. Similarly, we also recommend modifying paragraph 2 by replacing the term "Once the auditor has reported on the financial statements" with "After the report release date," which would be consistent with the rest of the paragraph.

We thank you for considering our comments on these important issues.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James R. Dalkin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James R. Dalkin
Director
Financial Management and Assurance