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May 11, 2005

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, DC 20006-2803

By e-mail: comments@pcaobus.org

Re: PCAOB Release No. 2005-002 – Proposed Auditing Standard – Reporting on the Elimination of a Material Weakness, March 31, 2005.

Dear PCAOB Board Members:

The New York State Society of Certified Public Accountants, the oldest state accounting association, representing approximately 30,000 CPAs, endorses the PCAOB's proposal to create a mechanism for engagements to report on the elimination of internal control weaknesses. The increased focus on internal control is a positive development, which, however, carries with it negative repercussions to issuers that have other than a clean opinion at their year-end audit. This proposed standard provides an incentive for early correction of internal control weaknesses by permitting the auditor to issue an internal control attestation on an interim basis.

Overall, the standard is well written and consistent with AS 2, but additional attention should be paid to the following issue:

- Although such engagements are designed to be narrowly focused on very specific controls, testing cannot be carried out in complete isolation from the rest of the internal control system. Therefore, in principle, other internal control weaknesses could come to the auditor's attention that are neither the subject of the current engagement nor identified as weaknesses at the year-end audit. The standard should address what the auditor's responsibilities are in pursuing such cases when they arise and how the identification of a new weakness should be reported.
- Some non-standard reporting examples should also be provided.

The NYSSCPA's Auditing Standards and Procedures Committee drafted these comments. If you would like additional discussion with us, please contact the committee

chair, Mark Mycio at (212) 372-1421, or Robert Colson, NYSSCPA staff, at (212) 719-8350.

Sincerely,

A handwritten signature in black ink, reading "John J. Kearney". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John J. Kearney
President

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