

January 31, 2012

Sherry Hazel  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775  
USA

Dear Ms. Hazel:

We appreciate the opportunity to comment on the proposed Statement on Auditing Standards (“SAS”), *The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern* (the “proposed SAS”). We are supportive of the development of this standard and believe, overall, that the drafting of the proposed SAS was completed in accordance with the clarity conventions and criteria adopted by the Auditing Standards Board (“ASB”).

We agree with the ASB’s decision to move forward with the clarity reformatting of the extant standard SAS 59, *The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern* (“SAS 59”) while not making changes to the substance of SAS 59. In particular, we strongly agree with the ASB’s decision to retain the guidance (as drafted in paragraph 3 of the proposed SAS) that the auditor’s responsibility to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern “for a reasonable period of time” means a period “not to exceed one year beyond the date of the financial statements being audited.”

We realize that there are practical issues related to the application of the extant standard, and potentially diversity in practice. However, we agree with the ASB’s decision to refrain from making substantive changes to the extant requirements pending the conclusion of the Financial Accounting Standards Board’s (FASB’s) on-going project, *Disclosures about Risks and Uncertainties and the Liquidation Basis of Accounting (formerly Going Concern)*. We encourage the ASB to continue to provide input to the FASB as this project continues. Once the FASB project is completed, we believe the ASB should review the clarified SAS to determine the necessity for either revision or incremental interpretive guidance, or both.

### **Responses to Questions Posed in the Explanatory Memorandum**

1. *Are the objectives of the auditor appropriate?*

We believe the objectives of the auditor are appropriate.

2. *Are the differences between the proposed SAS and SAS No. 59 identified in the supplement to the exposure draft, and other language changes, appropriate?*

We believe the differences between the proposed SAS and SAS No. 59 identified in the supplement to the exposure draft, and other language changes are appropriate. We support the addition of an explicit requirement for the auditor to obtain representations from management if

conditions or events have been identified that indicate there could be substantial doubt about the entity's ability to continue as a going concern.

*3, Have considerations for audits of smaller, less complex entities and governmental entities been dealt with appropriately?*

Based on the scope of the proposed SAS, we do not believe that there are any considerations specific to audits of smaller, less complex entities or governmental entities that should be addressed in the proposed SAS.

**Editorial Comments by Paragraph**

<b>Paragraph</b>	<b>Comment</b>
Paragraph 4	We recommend removing the word “[h]owever” from the start of paragraph 4, in order for the paragraph to stand on its own (as opposed to being a continuation of paragraph 3).
Paragraphs 19 and A5	Throughout the standard, an emphasis-of-matter paragraph related to the entity’s ability to continue as a going concern is described as a “going-concern emphasis-of-matter” paragraph. To be consistent throughout the proposed SAS, we recommend using that description in paragraphs 19 and the second sentence of paragraph A5.

We would be pleased to discuss our letter with you at your convenience. If you have any questions, please contact Jennifer Haskell at (203) 761-3394 or Megan Zietsman at (203) 761-3142.

Sincerely,

/s/ Deloitte & Touche LLP