



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
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February 1, 2012

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

Dear Ms. Hazel:

On behalf of the Tennessee Department of Audit, Division of State Audit, we thank you for the opportunity to comment on the Exposure Draft (ED) of the proposed Statement on Auditing Standards (SAS), *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*. We generally agree with the amendments proposed in the ED. The organization of the proposed SAS is much more intuitive.

We have the following general comments and suggestions to improve the document:

Issue for Consideration:

1. Are the objectives of the auditor appropriate? **We agree that the auditor's objectives 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 agree that the differences are appropriate, including specifically adding the "going concern" as a management representation.**
3. Have considerations for audits of smaller, less complex entities and governmental entities been dealt with appropriately? **In the current economic environment, these requirements and guidelines also appear to be appropriate to governments. Thus, we agree that the ED sufficiently addresses the prospect of some governments not continuing as going concerns, as has already been demonstrated in a few local governments (e.g., in California).**

Should you have questions or need clarification on any of our comments, please contact Gerry Boaz (615) 747-5262 (Gerry.Boaz@cot.tn.gov) or me at (615) 747-5251.

Sincerely,

Arthur A. Hayes, Director
Division of State Audit