

January 31, 2012

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

Re: Exposure Draft–Proposed Statement on Auditing Standards *The Auditor’s Consideration of an Entity’s Ability to Continue as a Going concern (Redrafted)*

Dear Ms. Hazel:

I appreciate this opportunity to respond to the above noted exposure draft (the Draft) and to add my full support to the proposed standard. However, I have one suggestion and that is to consider adding the section “Considerations Specific to Audits of Governmental Entities” (governmental entities section) which I explain in the following paragraphs.

Governmental Accounting Standards Board (GASB) Statement No. 56, *Codification of Accounting and Financial Reporting Guidance contained in the AICPA Statements on Auditing Standards*, paragraph 16, states the following:

“Financial statement preparers have a responsibility to evaluate whether there is substantial doubt about a government’s ability to continue as a going concern for 12 months beyond the financial statement date. Moreover, if there is information that is currently known to the government that may raise substantial doubt shortly thereafter (for example, within an additional three months), it also should be considered.”

The proposed standard uses presumptively mandatory language with respect to “...a reasonable period of time” (paragraph 7) while “...not to exceed one year beyond the date of the financial statements being audited” (paragraph 3) does not. In my mind, this language implies that the “reasonable period of time” is required but the reasonable period of time is not required to be “for a period not to exceed one year from the date of the financial statements”.

If this is the intent of the proposed standard, it appears the auditor of a governmental entity would need to consider a “reasonable period of time” to be 15 months beyond financial statement date. On the other hand, if this is not the intent of the proposed standard, clarification of the full extent of what is presumptively mandatory appears to be appropriate. Since the GASB time period differs from the time period in the proposed standard, it appears the governmental entities section convention would be appropriate.

Currently, the Financial Accounting Standards Board (FASB) has no similar requirement (or planned in the near future based on recent announcements) for entities that prepare financial statements in accordance with the FASB financial reporting framework. Therefore, there is no need to provide clarifying guidance in the proposed standard for audits of the financial statements of nongovernmental entities that apply the FASB financial reporting framework.

Again, I appreciate the opportunity to provide my comments on the above noted Draft. Should you have any questions, please feel free to contact me at lkmdennis@cfl.rr.com or ldennis@bus.ucf.edu .

Sincerely,

s/ Lynda M. Dennis

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