



August 15, 2005

Mr. Hiram Hasty
Technical Manager
Audit and Attest Standards, File 3044
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Advancing
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Dear Mr. Hasty:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the exposure drafts of eight proposed Statements on Auditing Standards relating to risk assessment. The FMSB, comprising 21 members with accounting and auditing backgrounds in federal, state, and local government, academia, and public accounting, reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB agrees with the purposes of the revisions and supports the wording and changes as proposed in the exposure drafts. We do have a few comments.

Classification of misstatements identified by the auditor – We concur with the proposed definition and treatment for “likely misstatements.” We would like to suggest that, if standards are to become more uniform, the two boards, ASB and ISA, should come to some agreements as which term to use to define those items.

Evaluating audit findings – We think that the iron curtain method is more logical than the rollover method, although it may well be more difficult to put into practice by the auditors and auditees.

The FMSB appreciates the opportunity to comment on the exposure drafts. No members objected to its issuance. This response letter represents a consensus of the views of the FMSB members. We would be pleased to discuss this letter with you at your convenience. You can contact me at hintonrw@audits.state.ga.us or (404) 656-2174 or Anna D. Gowans Miller, CPA, AGA’s Technical Manager and facilitator for this project, at amiller@agacgfm.org or (703) 684-6931, ext. 313.

Sincerely,

Russell W. Hinton, CGFM, Chair,
AGA Financial Management Standards Board

cc. Sam M. McCall, MPA, CGFM, CPA, CIA, CGAP
AGA National President



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Financial Management Standards Board**

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