1666 K Street, N.W.
Washington, DC 20006
Telephone: (202) 207-9100
Facsimile: (202) 862-8433
www.pcaobus.org

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

In the Matter of Ernst & Young LLP's Quality Control Remediation Submission	)	PCAOB Release No.104-2013-087
	)	May 23, 2013

I.

The Public Company Accounting Oversight Board ("Board" or "PCAOB") has evaluated the submission of Ernst & Young LLP ("the Firm") pursuant to PCAOB Rule 4009(a) for the remediation period ended July 2, 2011, concerning the Firm's efforts to address certain quality control criticisms included in the nonpublic portions of the Board's July 2, 2010 inspection report on the Firm ("the Report"). The Board has determined that as of July 2, 2011, the Firm had not addressed certain criticisms in the Report to the Board's satisfaction. Accordingly, pursuant to Section 104(g)(2) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 4009(d), the Board is making public the portions of the Report that deal with those criticisms.[1/]

The Firm has notified the Board that it will not seek Securities and Exchange Commission review of the determination, which the Firm has a right to do under the Act and Commission rules. The Firm has requested that a related statement by the Firm be attached as an Appendix to this release, and the Board has granted that request. By allowing the Firm's statement to be attached as an Appendix to this release, however, the Board is not endorsing, confirming, or adopting as the Board's view any element of the Firm's statement.

[1/] Those portions of the Report are now included in the version of the Report that is publicly available on the Board's web site. Observations in Board inspection reports are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability.

II.

The quality control remediation process is central to the Board's efforts to cause firms to improve the quality of their audits and thereby better protect investors. The Board therefore takes very seriously the importance of firms making sufficient progress on quality control issues identified in an inspection report in the 12 months following the report. Particularly with the largest firms, which are inspected annually, the Board devotes considerable time and resources to critically evaluating whether the firm did in fact make sufficient progress in that period. The Board makes the relevant criticisms public when a firm has failed to do so to the Board's satisfaction.

It is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control. Any Board judgment that results in later public disclosure is a judgment about whether the firm made sufficient effort and progress to address the particular criticisms articulated in the report on that firm in the 12 months immediately following the report date. It is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

May 23, 2013

Statement of Ernst & Young LLP on the PCAOB's May 23, 2013 Release No. 104-2013-087

At Ernst & Young, we have a strong sense of our obligation to serve our stakeholders – shareholders, audit committees, companies, regulators and the markets generally – who count on us to deliver quality and excellence in everything we do. The performance of quality audits is our number one priority. It is for this reason that, since it was created by the Sarbanes-Oxley Act of 2002, we have supported the mission of the Public Company Accounting Oversight Board. The PCAOB inspection process unquestionably has led to improvements in the performance of audits by our firm and the profession generally.

The Board today made public certain portions of Part II of our 2009 Inspection Report. The Board determined that we did not address certain quality control matters to the Board's satisfaction during the 12-month period following the issuance of the inspection report. We believe we took significant remedial actions with respect to all of these matters, including making significant enhancements in our resources, policies and practices. In each of the areas noted, we have provided our audit professionals with new audit tools, additional training and expanded technical guidance. These efforts have been beneficial generally and continue to improve our execution. Overall, we have invested thousands of partner and staff hours on these issues and believe we approached each Board criticism seriously and responsibly. At the same time, we recognize that we can and will continue to improve.

We fully respect the Board's determination that these remedial steps have been insufficient in certain areas. We share with the Board a common objective to see continuous improvement in the quality of our work. We are firmly committed to this objective and to working with the Board in a cooperative and constructive manner. We also note the Board has stated that "[i]t is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control" and that a public release of those criticisms "is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period."

As a member firm of one of the largest global auditing networks in the world, we fully appreciate our important duty to the public trust and capital markets. We look forward to working with the Board on our ongoing efforts to improve audit quality.