
From: Jonathan Trevathan [jonathan@cityofdetroit.com]
Sent: Tuesday, November 18, 2003 6:25 PM
To: Comments
Subject: PCAOB Rulemaking Docket Matter No. 008

Hello,

With regards to the section of the proposal on walkthroughs, I agree that a walkthrough is a valuable tool in gaining an understanding of an organizations control structure. The way the briefing paper is currently worded though, I think may be unrealistic, or should at least be more specific. Currently, the paper states:

"In a walkthrough, the auditor traces all types of company transactions and events - both those that are routine and recurring and those that are unusual - from origination, through the company's accounting and information systems and financial report preparation processes, to their being reported in the company's financial statements."

The way this is worded, it sounds as though the auditor should take a specific customer order, for example, and trace it from the time the order comes in the door (or over the phone, etc.) through shipment to the customer, creation of the invoice, and receipt and application of cash. It is often difficult to gather and see all of these events for a single transaction, in the limited amount of time an auditor is at the client.

It seems it would be more reasonable to break a process into separate units, each of which a walkthrough could be performed for. Though in an ideal world the walkthrough would be of one transaction, I think it would prove very difficult in many business environments.

Perhaps this was assumed, but it does not seem clear given the current wording of the paper. Could you update that part please?

Thank you,

Jonathan Trevathan

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