

7915 Xavier Court  
Dallas, Texas 75218-4513

May 12, 2005

Public Company Accounting Oversight Board      Via email to [comments@pcaobus.org](mailto:comments@pcaobus.org)  
Office of the Secretary  
1666 K Street, N.W.  
Washington, DC 20006-2803

Re:            PCAOB Rulemaking Docket No. 018 - Comment letter on Proposed Auditing  
                  Standard *Reporting on the Elimination of a Material Weakness*

I am writing to express my opinions regarding the above referenced Proposed Auditing Standard. I support the ability of the auditor to report on the elimination of a material weakness.

- The scope and applicability of the Standard discussed in paragraphs 1 -3 should be amended to clarify whether the auditor may conduct an engagement to report on the elimination of a material weakness only if such material weakness has previously been reported on by the auditor in accordance with Auditing Standard No. 2, or whether the auditor may also report on the elimination of a material weakness not previously reported on by the auditor but which was disclosed by the company at an interim date. Conceptually, the auditor should be permitted to report on the elimination of all material weaknesses, including those not previously reported on by the auditor in accordance with Auditing Standard No. 2 but which were disclosed and subsequently remediated by the company at interim dates, and the Standard should be clarified accordingly.
- Situations may arise in which a material weakness is determined to exist as of the company's year-end, which material weakness would be disclosed for the first time and reported on by the auditor in accordance with Auditing Standard No. 2 when the company's Annual Report on Form 10-K is filed with the SEC. Prior to the filing of such Form 10-K, the company may be able to remediate the material weakness, and the auditor may have sufficient time to conduct procedures in order to be able to report on the elimination of such material weakness. In such situations, the auditor should be permitted to concurrently report on both (i) the material weakness as of the company's year-end and (ii) the subsequent elimination of the material weakness, and the Standard should be modified accordingly.

Thank you for your consideration of these comments and suggestions.

Sincerely,

  
Greg Swalwell