

August 27, 2015

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 029

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters. The views expressed herein are written on behalf of the PSC, which has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA.

The PSC PCAOB Subcommittee deliberated over the 12 questions posed in the above referenced ED entitled *Disclosures of the Engagement Partner and Other Participants in the Audit*. Below is our response to each question posed in the ED.

1. Would disclosure on Form AP as described in this release achieve the same potential benefits of transparency and an increased sense of accountability as mandatory disclosure in the auditor's report? How do they compare? Would providing the disclosures on Form AP change how investors or other users would use the information?

Disclosure on Form AP would achieve the same potential benefits of transparency and increased sense of accountability as disclosure in the auditor's report. Reporting the information in Form AP rather than the auditor's report would make the information more accessible to investors and users. It would be more searchable and enable third parties to provide the information to others in various forms that the market could use to disseminate various information about individual auditors and firms including, but not limited to, various areas related to audit quality indicators. While this information is available today for firms, the information would then be developed regarding individual audit partners.

2. Are there special considerations relating to the Form AP approach that have not been addressed in this supplemental request for comment? If so, what are the considerations? How might the Board address them? What are the costs of Form AP compared to the costs of disclosure in the auditor's report?

We do not believe there are any other special considerations relating to the Form AP that have not been addressed in this supplemental request for comment. We are unable to guesstimate the costs of Form AP compared to the costs of disclosure in the auditor's report. However, while we would

anticipate an additional amount of time related to the Form AP approach, we prefer the Form AP approach versus disclosure in the auditor's report.

3. Would disclosure on Form AP mitigate commenters' concerns about liability? Are there potential unintended consequences, including liability-related consequences under federal or state law, of the Form AP approach? If so, what are the consequences? How might the Board address them?

In our opinion, we believe disclosure on Form AP is more likely to mitigate concerns related to liability when compared to disclosure in the auditor's report. Regarding unintended consequences under federal or state law, we find the prognostication regarding such issues to be outside our comfort zone.

4. In addition to the required filing of the Form AP, auditors may decide to voluntarily provide the same disclosures in the auditor's report. Are there any special considerations or unintended consequences regarding voluntary disclosure in the auditor's report? If so, what are those considerations? How might the Board address them?

While it is impossible to determine all of the unintended consequences of disclosures in the auditor's report, one likely impact is additional time spent by the firm(s) engaged to perform the audit. These costs (both direct and indirect) will be passed on to the audit client. If the cost increase is small the client will likely incur a small cost increase. If the cost increase is large the client will likely incur a large cost increase. So no matter what cost escalation is involved, it will be borne by the investors. One suggestion we would make to the Board regarding the consequence of increased audit cost is to assess the relationship of the cost increase to the value of the information being disclosed. Does knowing the name of the auditors on the audit engagement impact the investment decision or does having such information increase the potential for "finger pointing" after the fact if something goes wrong? Prudent investors invest in companies that they believe will provide the best return over an investment horizon, not on the names of the individuals who perform the annual audit.

5. What search criteria and functionality would users want for information filed on Form AP? What additional criteria and functionality beyond what is described in Section IV of this release would be useful? Would third-party vendors provide additional functionality if the Board does not? Are there cost effective ways to make the disclosure more broadly accessible to investors who may not be familiar with PCAOB forms?

We believe the best method for assessing the information on Form AP would be use of the PCAOB website. Such use would mirror how access to inspection reports and other PCAOB information is currently obtained.

6. Is 30 calendar days after the filing of the auditor's report (and 10 calendar days in the case of an IPO) an appropriate amount of time for firms to file Forms AP? Should the deadline be shorter or longer? Why? Are there circumstances that might necessitate a different filing deadline? For example, should there be a longer deadline (e.g., 60 days) in the first year of implementation? Should the 10-day deadline apply whenever the auditor's report is included in a Securities Act registration statement, not just in the case of an IPO?

We believe the appropriate amount of time for firms to file Forms AP should be the same whether it's an audit report or an IPO. We further believe that the a time frame should be 45 days rather than 30 days in the case of the auditor's report or 10 days in the case of an IPO. The reason we favor a 45 day period is that it would coincide with the "documentation assembly date." Firms already have a process in place that has them on a schedule to complete items in the 45 days after the report release date. It seems appropriate to fit the new Form AP filing deadline into the already existing 45 day period in effect for other post audit reporting issues.

7. This supplemental request for comment contemplates not requiring disclosure of non-accounting firm participants in the audit as previously proposed. Is it an appropriate approach to not require disclosure of non-accounting firm audit participants? If not, should the Board adopt the requirements as proposed in the 2013 Release or the narrower, more tailored approach described in Section V of this supplemental request, which would not require disclosure of information about non-accounting firm participants controlled by or under common control with the accounting firm issuing the auditor's report, with control as defined in Section V? if the Board were to adopt this narrower, more tailored approach, is the description of the scope of a potential requirement sufficiently clear? Why or why not? Is the definition of control in Section V appropriate? Why or why not?

Yes, as specified in the supplemental request, we agree that it is an appropriate approach to not require disclosure of non-accounting firm participants.

8. Does Form AP pose any specific issues for EGCs? Would disclosure of the required information on Form AP promote efficiency, competition, and capital formation if applied to EGCs? If so, how? How does disclosure on Form AP compare to disclosure in the auditor's report proposed in the 2013 Release in that regard? Would creating an exemption for audits of EGCs benefit or harm EGCs or their investors? Why?

Auditors of EGCs are often under more budget time constraints than auditors of other issuers. Therefore, direct and indirect costs of filing Form AP may be higher for auditors of EGCs. While those costs may not be substantial, they would be passed on to the EGCs. As the requirement is only applicable to auditors, it would not promote efficiency, competition, and capital formation for any issuers, including EGCs, as we feel that the individual audit partner of the audit firm will be an insignificant addition to the information the investor considers in making their investment decisions, regardless of where disclosed. If the PCAOB believes that disclosure of the audit partner benefits transparency and accountability for other issuers that same benefit would be applicable to EGCs and creating an exemption would limit that benefit.

9. Does Form AP pose any specific issues for brokers, dealers, or other entities? If so, what are those issues? How does disclosure on Form AP compare to disclosure in the auditor's report proposed in the 2013 Release in that regard?

We are not aware of any specific issues for brokers, dealers or other entities except for the potential for confidentiality problems. However, we are not in a position to speak to the potential problems related to confidentiality. While the disclosures in Form AP will most likely require more information, we favor the Form AP approach.

10. Is the rule to implement Form AP, the instructions to Form AP, and the amendments to AU sec. 508 included in Appendix 1 clear and appropriate? Why or why not?

The rule, instructions, and amendments to AU sec. 508 are both appropriate and clearly stated.

11. Are there additional economic considerations associated with mandated disclosure, either in the auditor's report or on Form AP, that the Board should consider? If so, what are those considerations? The Board is particularly interested in hearing from academics and in receiving any available empirical data commenters can provide.

The likely economic issue that will raise the most concern is the impact of the mandated disclosure on the cost of the audit. Such cost increases will have an impact on a public company's cost of capital. The ultimate impact will be a function of the level of the cost increase. Empirical data on audit cost (direct and indirect) increases since the introduction of Sarbanes Oxley is readily available. To the extent that this process adds cost it provides incentives for registrants and potential registrants to seek capital through other channels that allow avoidance of these costs.

12. Assuming the Board adopts a rule during 2015, would it be feasible to make the requirement, either in the auditor's reports issued or reissued on or after June 30, 2016, or three months after the SEC approves the requirements, whichever is later? How much time following SEC approval would firms need to implement the requirement either in the auditor's report or on Form AP?

Assuming Board adoption of a rule in 2015, we believe it is feasible to make the effective date June 30, 2016, or three months after SEC approval, whichever is later.

We appreciate the opportunity to provide input into the standards setting process.

Sincerely,



Jerilyn K. Barthel, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants