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

Re: PCAOB Rulemaking Docket Matter No. 29
Improving the Transparency of Audits

Mayer Hoffman McCann P.C. (MHM) appreciates the opportunity to provide the Public Company Oversight Board (PCAOB or Board) our thoughts on the referenced docket matter.

Disclosure of the Engagement Partner

MHM does not believe disclosure of the engagement partner's name in the independent registered public accounting firm's report would enhance audit quality nor provide any additional investor protection. We believe that engagement partners are acutely aware of the responsibility undertaken in signing the audit report as a representative of the firm.

Engagement partners are constantly reminded of the significant risk borne by both the firm for which they are a partner as well as individually. The accounting profession in the United States is committed to maintain its place as a significant contributor to the effective functioning of the capital markets we serve. We believe the constant focus on audit quality, as monitored by the profession itself as well as the standards and oversight of the PCAOB, provides a significant focus and incentive for each partner to uphold high standards of audit quality. We do not believe the addition of the name of the individual responsible for signing the auditors' report will meaningfully increase each individual partner's sense of responsibility to the profession and capital markets or to the overall quality of the audit process. The Sarbanes Oxley Act was the result of high profile audit failures, which led to the demise of one of the largest international accounting and audit firms and impacted all members of the public accounting profession. These events, coupled with the creation of the PCAOB, have changed the accounting profession and instilled audit quality as a central focus for accounting firms. Engagement partners understand the need to perform the highest quality work possible to protect both their firm and individual reputations.

We understand signing by the individual partner is a common practice in Europe, however, as noted above, MHM does not believe this practice would be effective in the US. Additionally, we believe the inclusion of the individual partner's name will potentially create unnecessary and unwarranted results in the US marketplace due to the different legal structure and practices that have evolved in the US. The Board should carefully consider the potential ramifications that exist in today's current environment including potential damage or harm which could befall engagement partners with the use of social media combined with aggressive activism. As is the case with any professional involved in an unfavorable situation, the media and social activism can, and often do, misconstrue the facts and circumstances to achieve a desired result. This is often the result of a misunderstanding of the roles and responsibilities of the professional. Many times the main stream media do not understand the difference between a business failure and an audit failure. Large accounting firms are forced to spend millions of dollars responding to these situations, many of which are without merit. It would be unfair to potentially shift this responsibility to defend oneself to the individual partner particularly as several individual members of the audit firm are typically involved in the audit and consulted on significant decisions and judgments, which is a process we would not want to be hindered by this proposal. In light of the US marketplace, we are particularly concerned with the potential impact this proposal could have on the reputation of individual partners in matters in which the partner and firm are unjustly accused of wrongdoing. This could have potentially catastrophic results for that individual, particularly in firms without the resources to respond or vigorously defend the individual.

In addition, audit firms are engaged to perform audits of entities whose business models include activities which may be objectionable to certain segments of our society. Activism efforts have targeted the key personnel employed by these entities and their families. We have concerns that a requirement to disclose the engagement partner could subject the engagement partner assigned by the audit firm and his or her family to unwarranted activism efforts.

As noted above, we believe these risks are introduced without any measurable improvement in overall audit quality.

The proposal's requirement that the engagement partner sign the audit report does not recognize that the engagement partner signs the report only as an agent for the firm. This is important since many critical decisions regarding the audit are determined only through consultation with the firms' technical experts and in compliance with the firm's system of quality control. The decision to sign the audit report is a firm decision rather than that of the engagement partner.

We also note that the Board and other regulators issue inspection reports only under the name of the body that conducts the inspection. It is evidently not considered beneficial or a particular improvement in the quality of the inspection to also disclose the name of the team captain in issuing the report.

Proposed Amendment to Form 2

MHM does not support the Board's proposal to list the engagement partner in Form 2. Our objection is based on the belief that while the engagement partner is an integral part of the audit process, responsibility for audit quality transcends the engagement partner, and is dependent on the entire structure of the engagement team and the organization. We believe this is evident by the substantial investment that firms make in human resources, recruiting, training and quality improvement efforts. MHM does not believe that the investing public would benefit from this information since the investing public's main driver of confidence in the audit process is the reputation of the Firm itself and not the individual partners. The investing public's belief is that consistent audit quality is achieved regardless of the individual partner. This is reinforced through the marketplace, where firms reinforce their national resources and often mandate the use of their respective national offices in matters of high risk or significant judgment.

Disclosure of Other Participants in the Audit and Referred to Accounting Firms

The proposed rule would require that each individual who performs attest work but is not employed directly by the audit firm be disclosed. Currently in the US, there are a number of alternative practice structure firms that have been participating in the PCAOB's inspection process since its inception. In alternative practice structures, an employee sharing or employee leasing agreement often exists between the CPA Firm and a secondary party. In these situations, the quality control policies and procedures of the CPA Firm govern the activities of the shared or leased personnel, including a view of the CPA Firm and the secondary party as one entity in evaluating the CPA Firm's independence. This proposal could result in unintended consequences as these alternate practice firms that have been strong supporters of the PCAOB's audit quality initiatives and inspection processes, could be viewed negatively if a large number of individuals on audit engagement teams are disclosed as non-employees of the audit firm. MHM does not believe the Board has contemplated this unintended consequence, particularly in light of the fact that the Securities and Exchange Commission considers the audit firm and the entity that employs the engagement team members to be a single entity when considering independence issues. MHM believes the proposed rule would have a significant negative impact on alternative practice firms and their ability to compete with traditional firms and therefore lead to further restriction of auditor choice in the attest market.

MHM understands that the proposal would require disclosure of the names of all separate legal entities participating in an audit that may be closely associated and publicly described as a single international firm. We understand that this would consistently apply to all national and international networks of firms. If that is correct both for when the audit firm is assuming responsibility and dividing responsibility for the work performed, we support that proposal. However, we do not support the proposed exemption from disclosure for the practice defined as "off-shoring" in the proposal. We particularly

believe that disclosure of the fact that a firm is reducing audit cost by engaging individuals in foreign countries who are not US licensed CPAs would be much more relevant to investors than the fact that a US firm may practice under an alternative structure and lease its US licensed CPAs from a separate entity.

MHM agrees that the disclosure of the Engagement Quality Reviewer (EQR) is not necessary, for many of the same reasons cited above. We believe this is true whether the individual is an employee of the firm or outside the firm. We believe that the requirements of Auditing Standard No. 7 clearly define their responsibilities and disclosure would not increase audit quality nor investor confidence. Again, MHM believes that disclosure is not necessary since the investing public places their confidence in the respective firm and not the individuals assigned to the engagement.

MHM does not support the disclosure of the Appendix K review. The appendix K review is a separate review outside of the core engagement team and EQR. This disclosure could lead to potential confusion of the responsibilities of the appendix K reviewer and potentially subject the reviewer to increased liability.

Details of the Disclosure Requirements

MHM does not believe that an explanatory paragraph in the auditors' report is the appropriate means to provide the suggested disclosure items. We believe that the best way to inform investors is not through disclosure of hours for "other participants" in the audit report but rather, to supplement the required attestation fee disclosure found in the proxy with the desired information.

Closing Remarks

MHM is grateful for the opportunity to provide our comments to the Board, and we believe that through the inspection process and the work of the Board audit quality has improved since the implementation of the Sarbanes Oxley Act. We have concerns that release 2011-07 will not measurably improve the quality of the audit and could further restrict auditor choice. However, we believe it will unnecessarily and significantly increase professional risk and possibly limit the future number of CPAs interested in a career serving as an engagement partner for public filers. Many of the ideas are borrowed from or have been fostered in other jurisdictions where there are not the regulatory or litigation environments faced by attestation firms in the United States.

We support the Board in their goal of improving investor confidence. We realize the tremendous responsibility that the public accounting profession plays in our capital markets. We believe that maintaining high investor confidence involves not only auditors but management and financial regulators.

Mayer Hoffmann McCann P.C.