



February 24, 2012

Office of the Secretary
Public Company Accounting Oversight Board
166 K Street, NW
Washington, D.C. 20006-2803

Subject: Docket 030: Proposed Auditing Standard Related to Communications with Audit Committees

Dear Board Members and Staff of the PCAOB:

Thank you for providing the Aerospace Industries Association ("AIA") with the opportunity to share our view on the re-proposed auditing standard on Communications with Audit Committees ("the Proposed Standard"), issued by the Public Company Accounting Oversight Board ("the Board") on December 20, 2011. AIA represents the nation's major manufacturers of commercial, military and business products such as aircraft, helicopters, aircraft engines, missiles, spacecraft, and related components and equipment.

We are supportive of the Board's efforts to enhance the relevance and quality of communications between auditors and audit committees. We agree with the Board that an audit committee that is well-informed about a company's accounting and disclosure matters can better carry out its oversight responsibilities. While we generally support the enhancements to communications between the audit committee and outside auditor as set forth in the Proposed Standard, we offer the following suggestions for your consideration.

Given that inspections, whether they be PCAOB or internal quality reviews, often include reviewing the accounting policies of the company and their application, as well as treatment of items such as unusual transactions, we believe that audit committees would benefit from auditors informing them at least annually of any engagement specific findings from PCAOB and internal quality review inspections. Further, we believe that it would be beneficial for the auditors to provide the audit committee with the results of overall specific peer and internal quality reviews for the engagement. This would be a useful gauge for the audit committee to assess the execution of the firm's overall audit methodology.

As a result, we believe this communication should be added as a requirement to the Proposed Standard. Although the Proposed Standard acknowledges that the audit committee is not precluded from requesting additional information, experience levels among public company audit committees differ. As a result, this communication should be required to be shared with audit committees to avoid inexperienced audit committees from not asking for and obtaining this information. In addition, we believe auditors should be required to discuss with the audit committee how their audit team maintains not just independence, but also objectivity and

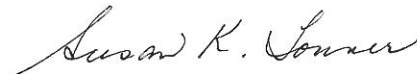
professional skepticism. In our view these changes would strengthen audit quality and further reduce audit failures.

We suggest that Appendix A paragraph 12 *Accounting Policies, Practices, and Estimates*, as well as Appendix A paragraph 14 *Significant Unusual Transactions* be modified to make it clear that the primary obligation for reporting these matters rests with management and that the auditors' role is to discuss anything with the audit committee that management has not fully communicated.

We recommend that the phrase "that individually or in the aggregate could be significant to the company's financial statements or the auditor's report" currently used in Appendix A paragraph 21 be added to Appendix A paragraph 19. We think this clarification would avoid the communication of clearly immaterial items. We suggest that although an auditor can provide these communications in writing, it should be a requirement to present for discussion orally at the audit committee meeting any of the more significant items.

Thank you for taking the time to consider our response.

Sincerely,

A handwritten signature in cursive script that reads "Susan K. Tonner".

Susan K. Tonner
Assistant Vice President, Acquisition Policy