

**P B T K**

**PIERCY BOWLER  
TAYLOR & KERN**

Certified Public Accountants  
Business Advisors

To: Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

Transmitted by e-mail to: [comments@pcaobus.org](mailto:comments@pcaobus.org)

Re: PCAOB Rulemaking Docket Matter No. 030

We are pleased to respond again in this letter to the Board's proposed new auditing standard (the "proposed standard") regarding communications with audit committees and related matters that is contained in its Release No. 2010-001 (the Release) of March 29, 2010.

We regret that due to the demands of our practice, we found the 60-day comment period too brief to enable us to draft a comprehensive letter of response directly addressing in detail all the questions posed in the Release. Accordingly, our comments below are limited to those that we believe are responsive to our most significant concerns about the proposed requirements embodied in the Release.

While we agree, in principle, with the objectives of auditor communications with audit committees, as articulated in the proposed standard, we find the overall tone of its specific requirement, as suggested in the comments of others recorded to date, to be one of inappropriately shifting primary responsibilities from management and/or the audit committee to the auditors.

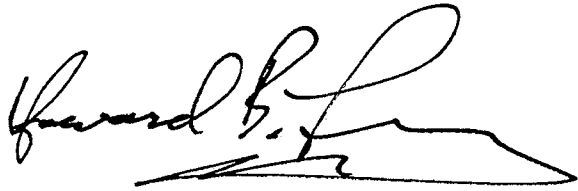
For example, it clearly should be management's responsibility, not the auditors', to inform the audit committee to an extent determined to be adequate by the audit committee of the effects on the financial statements of management's decisions regarding the selection of accounting methods from available alternatives, the methods used for accounting estimates, and sensitivity of estimates to changes in assumptions. Further, it should not be the auditors responsibility to dictate to audit committees what they should be interested in to further their oversight objectives (nor should it be the responsibility of those who set auditing standards), but rather auditors should remain more passively prepared to respond to appropriate questions from audit committees. The auditor should strive to preserve an ability (a) to evaluate objectively the effectiveness with which management and the audit committee interact and communicate with one another by not taking active responsibility to direct such activity and (b) to report perceived weaknesses in such processes and address them appropriately in setting audit scope.

Moreover, although we believe the audit committee rightfully has a responsibility to assess and continually reassess the auditors' professional competency, the committee should not be encouraged by mandatory, detailed auditor communications to second guess audit strategy and scope decisions (including with respect to staffing), which should remain primarily the responsibility of the auditor, not the audit committee. We believe the final standard should contain cautionary language to this effect regarding communicating with audit committees matters of audit strategy and scope, which language should emphasize the need to protect such judgments to exposure to the risk of circumvention by management.

**20<sup>th</sup>**  
ANNIVERSARY  
2010

Thank you for this opportunity to comment. We hope the Board finds our comments useful in its deliberations on this important matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Howard B. Levy, Sr.", with a long horizontal flourish extending to the right.

Howard B. Levy, Sr. Principal and Director of Technical Services  
Piercy Bowler Taylor & Kern, Certified Public Accountants