

Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803
United States
www.pcaobus.org

Chris Barnard
Actuary

18 November 2013

- **Release No. 2013-005**
- **PCAOB Rulemaking Docket Matter No. 034**
- **Proposed Auditing Standards - The Auditor's Report on an Audit of Financial Statements When The Auditor Expresses an Unqualified Opinion; The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and The Related Auditor's Report; and Related Amendments to PCAOB Standards**

Dear Sir.

Thank you for giving us the opportunity to comment on your Proposed Auditing Standards - The Auditor's Report on an Audit of Financial Statements When The Auditor Expresses an Unqualified Opinion; The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and The Related Auditor's Report; and Related Amendments to PCAOB Standards. I will comment on your proposed auditor reporting standard that would require the auditor to communicate in the auditor's report "critical audit matters" that would be specific to each audit. I have already commented on similar issues at length;¹ for completeness I would suggest that you could also consider those comments in addition to these presented here.

I agree that critical audit matters are those that: 1) involved the most difficult, subjective or complex auditor judgments; 2) posed the most difficulty to the auditor in obtaining sufficient appropriate audit evidence; or 3) posed the most difficulty to the auditor in forming an opinion on the financial statements. By requiring the auditor to communicate such critical audit matters, I believe that this proposed auditor reporting standard will enhance the usefulness of

¹ See Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards, PCAOB, June 2011, and Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs), IAASB, July 2013, and my comment letters thereon.

Please note that the comments expressed herein are solely my personal views

the auditor's report by improving audit transparency and increasing understanding of the audit process and its risks, reliances and limitations. However, it is important that the proposals should not mismanage expectations concerning the role of the auditor within the business and its financial reporting, and we must clearly delineate the auditor's role and responsibilities in this context.

I would also add that while I am happy with certain set language for introductory or explanatory purposes,² I would promote the use of specific language, tailored to the specific audit, which should be flexible enough to capture the complexities and circumstances, whilst not becoming boilerplate over time.

Yours faithfully

C.R.B.

Chris Barnard

² For example, see paragraphs 12 and 13 of the Proposed Auditor Reporting Standard.