Mr. John Doty
1666K Street NW
Washington, D. C. 20006-2803

Dear Mr. Doty

I have just read today's WSJ article on *Audit Reports Changing.* I failed to verify what is reported with what was stated by you and your Board colleagues . I am however quite surprised about the comment "The Public Company Accounting Oversight Board. . . . . is pushing the accounting industry to disclose more about its views on a company, which some say will make the document attached to each public company's annual report more useful, albeit a little longer." This statement seems to imply that the auditor will be more than an auditor. The auditor will make judgments about what they obtain in evidence and what they believe is true.

I recall some years ago when the auditors were expected to make a forecast of the client's future success. We discussed that new rule in the auditing class I was teaching. The students and I were stunned at such a rule. It wasn't long until that rule was deleted.

Auditing has a clearly specified task: to *verify* what is presented through the use of clearly established criteria. The early auditors understood well the specificity of their responsibility. If the financial statements are not providing what is wanted by the investors, why aren't the accounting standards reviewed? The accounting standards must not be complete. To what extent has the FASB been involved in the current concern about the adequacy of the auditor's report and the extent to which what is needed is related to accounting and not to auditing?

The article, noted above, points out that AuditAnalytics.com commented on the increase in earnings restatements at larger companies in the past three years. Also noted were that your inspections of the Big Four in 2012 included 36 percent that were determined to be deficient, "which was up from 14 percent two years before that."

Why are audits deficient? When the first Board chairman announced that the inspection would have a supervisory context, I assumed that model would be used for a limited time. However, a decade after the functioning of the PCAOB, the gentle, supervisory inspection continues. There is a clear disclaimer that the public report is not to be used as a basis of evaluating the company. From time to time, there is a reference to the *rigorous* inspection process, but that seems totally different from the reality of an inspection. I wonder why the inspection doesn't now result in a clearly determined assessment of the quality of the firm's audits? (Any conclusion could be maintained confidential to the firm and not made public.)

I trust as you finalize your new reporting requirements there is clearly identified the role of the auditor.

Sincerely

Mary Ellen Oliverio

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moliverio@pace.edu