From:	Chuck Siegel
To:	Comments
Subject:	PCAOB Release # 2013-005 August 13, 2013; PCAOB Rulemaking Docket Matter # 034
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Office of the Secretary, PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803 September
25. 2013
Sent via email to: comments@pcaobus.org

Re: PCAOB Release # 2013-005 August 13, 2013
PCAOB Rulemaking Docket Matter # 034

Ladies and Gentlemen:

Anworth Mortgage Asset Corporation is pleased to submit its views in response to the PCAOB's most recent request for comments on the two recent proposals – *The Auditor's Report on an Audit of Financial Statements, and The Auditor's Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report.*

While we commend the PCAOB for the solicitation of comments to address these issues and in its goal of trying to improve the auditors' report, we believe that the required disclosures have the potential to create misunderstanding by the investors; blur the roles between the auditors, management, and the audit committee; would be costly to implement; and may impede effective corporate governance.

In requiring disclosure of critical audit matters, we believe that this may cause misunderstanding by investors. A significant item at a company such as revenue may not be mentioned because it is relatively straight forward and does not require significant judgment, while a less significant matter may be disclosed because it requires some judgment. Investors may not understand the nature of why one item was disclosed while another item is not. Investors could become confused and draw unwarranted inferences. Auditors may feel pressure or be obligated to come up with critical audit matters in their audit report even if the audit is routine so that investors will feel they are doing a good job. Matters of significant judgment and material estimates are already disclosed in the financial statements and are discussed by the auditor with management and the audit committee.

In requiring the expansion of the auditor's report to include financial information outside of the financial statement such as the Management Discussion and Analysis, we believe that this may also confuse investors as to who is really responsible for the financial statements. It is our belief that Sarbanes-Oxley made it very clear to investors that management is responsible for the financial statements. While the auditor's role has been clearly limited to the attest function, they often do read and review the information outside of the financial statements as a service to their clients and in the preparation of comfort letters related to registration statements. Requiring an auditor to expand their audit report to evaluate and comment on such information will likely add substantially to the costs of audits. It will also place auditors in potential conflict with their clients as to what must be disclosed or reported in the information outside of the financial statements. While other governance entities (SEC, national exchanges) require that management be legally responsible for their filings, this will now make it more difficult for management of a company and its board of directors to fulfill this requirement if the auditors are now placed in the role of telling them what must be included in areas of reporting outside of the financial statements.

We would like to thank the PCAOB for the opportunity to comment on these recent proposals.

Sincerely,

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