



October 18, 2013

Office of the Secretary
Public Company Accounting
Oversight Board (PCAOB)
1666 K Street, N.W.
Washington, DC 20006-2803

Electronically submitted: comments@pcaobus.org

Re: PCAOB Release No. 2013-005 The Auditor's Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Opinion;
PCAOB Rulemaking Document No. 034 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 Sirs:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA, which has approximately 18,500 members comprised primarily of CPAs in Public Practice and Industry. The Committee is comprised of 20 members, of whom 50% are from local or regional firms, 20% are from large multi-office firms, 10% are sole practitioners, 10% are in academia or private industry, and 10% are in international firms. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them.

The Committee has reviewed and discussed the above referenced proposed auditing standards and the questions included in Appendix 5 of the proposed auditor reporting standard. The Committee concluded that it is in agreement with the reporting requirements as they relate to independence, with some clarification as noted in our response to question 4 below. However, there is a general disagreement with the auditor tenure reporting requirements and with the expanded disclosure requirements for critical audit matters. Our comments regarding these requirements are contained in our responses to questions 5 – 13 below. Questions 15 – 28 of Appendix 5 requested comments on more specific areas of the critical audit matters disclosure requirements. As the Committee strongly disagreed with inclusion of critical audit matters in the auditor's report, the Committee did not provide responses to those questions in this letter.

Finally, there was general agreement with the reporting requirements contained in the proposed other information standard, which we noted was in conformity with existing reporting standards for non-SEC reporting entities. Accordingly, the Committee has not provided responses to questions in Appendix 6.

1. The Committee believes the objectives in paragraph 4 of the proposed auditor reporting standard are clearly communicated in understanding the reporting requirements of an auditor's unqualified report.
2. The Committee is in agreement that the auditor's report should be addressed to at least (1) investors in the company, such as shareholders, and (2) the board of directors or equivalent body, and believes there should be others to whom the auditor's report is required to be addressed, depending upon the circumstances.
3. The Committee is in agreement and believes the auditor responsibilities outlined in paragraph 6 of the proposed auditor reporting standard are sufficient.
4. The Committee agrees that the proposed statement regarding independence as identified in Paragraph 6.h. of the proposed auditing standard will provide useful information, but believes that consideration should also be given to disclosing rules and regulations of other state regulatory bodies that have independence standards to which registered firms must comply. Absence of this reference might cause the audit firm to infer that the other rules and regulations would not apply in a PCAOB audit.
5.
 - a) Although the information might be useful to users, the Committee finds it difficult to find what public interest is served through the inclusion of auditor tenure given the negative connotation of auditor tenure that the Board acknowledges in its commentary and footnote disclosures in the proposed auditor reporting standard. **Therefore, the Committee strongly disagrees with inclusion of auditor tenure in the auditor's report, as it believes that the tenure disclosure would dilute the independence disclosure already included in the auditor's report. The Committee believes this information is best reported in the other information accompanying the financial statements, such as the section on auditor fees in Series 10 SEC filings.**
 - b) The proposed auditor reporting standard adequately addresses the reporting requirement regarding the year the auditor began serving as the company's auditor with the example paragraph provided in Appendix 5, Section IV.
 - c) Inclusion of auditor tenure in the auditor's report as well as other information accompanying the financial statements would have only unintended negative consequences given the emphasis provided to the auditor's report in the SEC filing and the negative inferences on long-term auditor relationships.
6. The Committee agrees the proposed description regarding the auditor's responsibilities for other information would be informative and useful but believes that a specific description of the items covered is warranted. The Committee believes that some clarifying language should be added in the report and reporting guidance that there are no assurances as to the completeness and presentation of the exhibits and items incorporated by reference in an SEC filing.
7. The Committee believes a specific order for the presentation of basic elements in the auditor's report be required for consistency purposes. The ordering of the report implies order of importance. Allowing discretion here could cause inconsistency and allow the audit firm to "color" its opinion accordingly.
8. The Committee believes no other changes to the basic elements required in the auditor's report are necessary as it is consistent with existing reporting standards for non-SEC reporting companies.

9. The Committee believes outside of determination of tenure, which could cause some additional time and effort, the basic elements should not add more cost.
10. The Committee concurs that the communication of critical audit matters may be relevant and useful to users. However, there are negative factors that override the relevancy and usefulness of this information, such as potential liability issues regarding the content of the critical audit matters section of the auditor's report. **For these reasons, the Committee strongly disagrees with the inclusion of critical audit matters as other information to be included in the auditor's report.** The Committee considered one alternative to include the letter to those charged with governance required under AS 16 as an exhibit to the public filing, as an alternative to inclusion of critical audit matters in the auditor's report.
11. The Committee believes unintended consequences exist in the form of potential liability issues regarding the subjective analysis of inclusion or non-inclusion of content in the critical audit matters section of the auditor's report.
12. The Committee believes the definition of a critical audit matter is sufficient and clear as to what is considered a critical audit matter.
13. The Committee believes from a practical perspective, the additional time incurred regarding critical audit matters should improve the quality of the documentation supporting the disclosure. However in practice the Committee believes additional pressure would exist from management to dictate the content of the section.

The Committee appreciates this opportunity to respond to the proposed auditing standards. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steven Morrison CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

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