
From: Michael Hemingway [mfrancshems@netscape.net]
Sent: Saturday, September 24, 2011 4:04 PM
To: Comments
Subject: Proposed standard-setting project on content and form of reports on audited financial statements

CONCEPT RELEASE ON POSSIBLE
REVISIONS TO PCAOB STANDARDS
RELATED TO REPORTS ON AUDITED
FINANCIAL STATEMENTS
AND RELATED AMENDMENTS TO PCAOB
STANDARDS
NOTICE OF ROUNDTABLE

The Public Company Accounting Oversight Board ("PCAOB" or "Board") is issuing a concept release to solicit public comment on the potential direction of a proposed standard-setting project on the content and form of reports on audited financial statements. The Board will also convene a public roundtable meeting in the third quarter of 2011, at which interested persons will present their views. Additional details about the roundtable will be announced at a later date.

Public Comment: Interested persons may submit written comments to the Board. Such comments should be sent to the Office of the Secretary, PCAOB, 1666 K Street, N.W., Washington, D.C. 20006-2803. Comments also may be submitted via email to comments@pcaobus.org

Questions

1. Many have suggested that the auditor's report, and in some cases, the auditor's role, should be expanded so that it is more relevant and useful to investors and other users of financial statements.

a. Should the Board undertake a standard-setting initiative to consider improvements to the auditor's reporting model? Why or why not?

Firstly, although my experiential background is less extensive with public accounting or auditing engagements than with general accounting, accounting cycle specialties, tax and financial statement preparation work, the academic work completed at Syracuse University for the attainment of my Bachelor of Science in Accounting degree was comprised of the necessary auditing courses for the completion of credit hours necessary for my graduation.

Still yet another standard-setting initiative at this level of professional oversight seems superlative when considering the historical development of Sox-Orbanes which at that time was developed to reduce the

possibilities of management's blind reliance upon the inconsistencies and deficiencies of the public auditors and conversely, reassure investors and stockholders of auditors' due diligence when auditing management's financial records.

The current pass/fail auditing reporting model still seems sufficient to convey this reliance to financial statement users because theoretically it does utilize and comply with SAS guidelines and reporting for attestation to GAAP based upon relevant auditing and financial reporting requirements. It is incumbent upon investors and stockbrokers to readily understand this information, format, and reporting model whether they actually believe that the information is insufficient for their further investment and company performance information. The type of additional information implied by this new standard setting project seems more relevant from financial analysts than auditors and yet if also required by the public accounting and auditing community at some additional prohibitive cost at the further perils and burdens of corporate America.

b. In what ways, if any, could the standard auditor's report or other auditor reporting be improved to provide more relevant and useful information to investors and other users of financial statements?

The standard auditor's report or other auditor reporting could generalize financial operations by industry and report to the various shareholders and users of financial information the trends, similarities, differences, anomalies, and practices among companies as they affect profits and losses or other financial data while citing their clients' needs for improvements and variations from the normal operations, activities, and practices of other companies.

c. Should the Board consider expanding the auditor's role to provide assurance on matters in addition to the financial statements? If so, in what other areas of financial reporting should auditors provide assurance? If not, why not?

The pass/fail opinion attestation auditing role is currently sufficient for the assurance of all information reported upon financial statements for users including investors and shareholders. The recurring redundancy of auditors' assurance than management's assurance than auditors' assurance again seems to trivialize any legitimate process by which any oversight can remain authoritarian.

Yet matters of financial operation, planning, budgeting, logistics, and the normal strategic objectives as conducted by the executive level of companies would seem too proprietary and confidential to be revealed or audited by even a private entity

2. The standard auditor's report on the financial statements contains an opinion about whether the financial statements present fairly, in all material respects, the financial condition, results of operations, and cash flows in conformity with the applicable financial reporting framework. This type of approach to the opinion is sometimes referred to as a "pass/fail model."

a. Should the auditor's report retain the pass/fail model? If so, why?

Yes, more relevant for cost benefit analysis

b. If not, why not, and what changes are needed?

c. If the pass/fail model were retained, are there changes to the report or supplemental reporting that would be beneficial? If so, describe such changes or supplemental reporting.

3. Some preparers and audit committee members have indicated that additional information about the company's financial statements should be provided by them, not the auditor. Who is most appropriate (e.g., management, the audit committee, or the auditor) to provide additional information regarding the company's financial statements to financial statement users? Provide an explanation as to why.

Preparers and management are most appropriate to submit any additional financial information because they are more involved with the day-to-day operations of the company

4. Some changes to the standard auditor's report could result in the need for amendments to the report on internal control over financial reporting, as required by Auditing Standard No. 5. If amendments were made to the auditor's report on internal control over financial reporting, what should they be, and why are they necessary?

Broader scope and more aggressive auditing of internal control with the necessary compliance testing to satisfy financial statement users like investors and stockholders