

**From:** [zzSteve Lucas](#)  
**To:** [Comments](#)  
**Subject:** PCAOB Rulemaking Docket Matter Number 034  
**Date:** Wednesday, December 11, 2013 6:30:19 AM

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December 10, 2013

Public Company Accounting Oversight Board Office of the Secretary  
1666 K Street, NW  
Washington D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter Number 034

Dear Madam Secretary,

I am a member of the Board of Directors of:

- \* – Transocean Ltd. (NYSE:RIG; SIX: RIGN), Chair of the Audit Committee and member of the Finance Committee;
- \* – Tullow Oil (LON:TLW);
- African Barrick Gold plc; and
- \* – Essar Energy Limited.

I was the Group Finance Director for National Grid plc from 2002 to 2010 and also served in finance and treasury roles in various global, industrial and natural resource companies.

I am pleased to submit my comments on the Public Company Accounting Oversight Board's ("PCAOB") proposed audit standards included in Release No. 2013-005 on Rulemaking Docket Matter #034 ("Proposal") addressing both the auditor's report when expressing an unqualified opinion and the auditor's responsibilities regarding other information in certain documents containing audited financial statements and the auditor's report. I appreciate the PCAOB's efforts to consider these improvements.

#### Proposed Auditor Reporting Standard

I believe that management is responsible for a company's financial information and the communication thereof. The Securities and Exchange Commission ("SEC") and the Financial Accounting Standards Board ("FASB") are the standard setters for what financial information requires disclosure while management determines how that information is presented and disclosed.

The shareholder-elected Board of Directors delegates the Audit Committee with the oversight of both the auditor and management's financial reporting. I believe the additional communications and requirements proposed in both the Auditor's Report and Other Information Responsibilities are unnecessary if management, the Audit Committee and the auditors fulfill their respective responsibilities.

The proposed auditor reporting standard undermines the role of the Audit Committee and usefulness of the Auditor's Report because the Critical Audit Matters ("CAM") could:

- \* – Cause some investors to misinterpret the CAM disclosures as indicative of an issue undermining the quality of the audit and implying less assurance on the financial statements and disclosures, taken as a whole;
- \* – Result in over- or under-emphasis of certain audit and business risks;
- \* – Burden the audit report with recurring disclosure of certain critical but routine matters with standardised language since companies in similar industries are likely to have some of the same CAMs;
- \* – Duplicate the disclosure of Critical Accounting Policies and Estimates made by management, that is already included in the Form 10-K and therefore required to be considered by the auditor;
- \* – Override the value provided by the Audit Committee's requisite knowledge, experience and perspective in overseeing the various risks and financial reporting matters.

#### Proposed Auditor Responsibilities of Other Information

The PCAOB's proposal to report the Auditor's Responsibility with respect to Other Information is commendable if the responsibilities remain unchanged from the current standard of "read and consider" procedures. However, the Proposal requiring the auditor to "evaluate" other information contained in SEC filings will likely cause the auditor to expand significantly the documentation of the evaluation procedures resulting in increased costs and audit effort during the year end reporting at a time when there is significant pressure to meet reporting deadlines. Moreover, the auditor may not have the knowledge nor expertise to evaluate certain of the other information, especially if it is subjective, qualitative or forward-looking in nature.

#### Additional Changes

The Proposal requires that the Auditor address their independence and tenure. The Audit Committee's Report included in the Proxy Statement already comments on the independence of the registered public accounting firm. I suggest that the Audit Committee's report could be expanded to include the tenure of the firm.

Finally, I support the Board proposal to include clarifications in the auditor's report of the auditor's responsibilities related to the notes to the financial statements, independence and fraud.

Thank you for considering my views.

Yours sincerely,

Steve Lucas  
Audit Committee Chair Transocean Ltd.

Sent from my iPad

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