

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

July 8, 2014

**PCAOB Rulemaking Docket Matter No. 40**

***Supplemental Request for Comment: Proposed Framework for Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules***

Dear Board Members and Staff:

WeiserMazars LLP (“WeiserMazars” or the “Firm”) is pleased to submit comments on the Public Company Accounting Oversight Board’s (PCAOB or the Board) supplemental request for comment on the Proposed Framework for Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules. WeiserMazars is an independent member firm of the Mazars Group and a member of Praxity, a global alliance of independent firms.

Our comments are included below:

**General Observations**

As communicated previously in our letter dated June 26, 2013, we continue to believe that applying and maintaining two separate and distinct sets of auditing standards (one for issuers and one for non-issuers), along with the Firm’s applicable interpretative materials, is costly and creates a significant unnecessary burden.

However, we do believe that the Board has successfully implemented clear title descriptions for the proposed framework, which will help users navigate to the literature in a more efficient manner, (in both an electronic and a hard copy version).

### **Specific Comments on the Proposed Structure**

1. The demonstration version of the PCAOB’s reorganized auditing standards on the PCAOB’s website also has user-friendly cross references to the standards of the International Auditing and Assurance Standards Board (“IAASB”) and the Auditing Standards Board of the American Institute of Certified Public Accountants (“ASB”), which will allow users to quickly find the appropriate standards they are researching and/or will apply in practice. We believe adding the specific names of the standards in the drop-down menus will enhance this feature even more. Currently, the IAASB standards are presented as “ISA #” and the ASB standards are presented as the “AU-C #” only.

***Note** - While we believe that the Board has done a good job cross-referencing to the IAASB and the ASB standards, we recommend that a thorough assessment of potential future costs that could be involved for maintaining and updating these “bridges” for accurate mapping of future standards, once they are effective, be conducted, if not already done so.*

For example, on May 14, 2014, the IAASB issued, *Proposed Changes to the International Standards on Auditing (ISAs)–Addressing Disclosures in the Audit of Financial Statements*. This document, which is open for comment until September 11, 2014, is proposing changes to the following ISAs:

- **ISA 200** *Overall Objectives of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing*
- **ISA 210** *Agreeing the Terms of Audit Engagements*
- **ISA 240** *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

- **ISA 260** *Communication with Those Charged with Governance*
- **ISA 300** *Planning an Audit of Financial Statements*
- **ISA 315** (Revised) *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*
- **ISA 320** *Materiality in Planning and Performing an Audit*
- **ISA 330** *The Auditor's Responses to Assessed Risks*
- **ISA 450** *Evaluation of Misstatements Identified during the Audit* and
- **ISA 700** *Forming an Opinion and Reporting on Financial Statements*

It is important to note that this Exposure draft is just **one example** of **one document**, where one of the standard setting bodies, in this case the IAASB, is proposing changes that may affect various paragraphs to numerous ISAs. Therefore, once final, effectively updating the mapping of the ISAs with the current PCAOB standards, as well as the AICPA's ASBs (AU-Cs,) could be a challenging endeavor to manage and properly reflect the changes because the changes to the other standards are embedded within the proposed ISA. Further, on an ongoing basis, a significant amount of manpower, extensive resources and constant monitoring would likely be needed. The risk of a link not being properly put in the appropriate place, to not being there at all, to the possibility of being completely incorrect, are just a few examples.

We believe electronic reference tools of this nature, could be extremely useful, however, they could also lead to potential user risk i.e., relying on data that could potentially be out-of-date, not properly reflecting recently issued standards, and incorrectly linking data, thus leading to audit inefficiencies. There is an abundance of complex issues involved with the development of any research tool to truly be value added.

2. Another suggestion relating to the electronic version of the reorganized standards would be to add hyperlinks where other PCAOB standards are referenced. For example, in Appendix B of AS 1301: "*Communications with Audit Committees*," fourteen separate PCAOB rules and standards are identified that specifically relate to matters that the auditor is required to communicate with the audit committee. If each of these fourteen

rules and standards had hyperlinks in place, navigating to the framework would be more efficient, ultimately resulting in more effective audits.

**Note** - *This comment is applicable for all appendices in each section of the various reorganized standards.*

3. Throughout the various reorganized standards, there are references to “See Staff Audit Practice Alerts.” For example, at AS 2401: *“Consideration of Fraud in a Financial Statement Audit,”* the following alerts are presented: *“No. 1, No. 2, No. 5, No. 8, No. 9, and No. 10 for guidance on AS 2401”*. It would be helpful for the user, if the full name of the numbered alerts were presented without having to open up each PDF link; i.e., clearly stating: *“Staff Audit Practice Alert No. 1- Matters Related to Timing and Accounting for Option Grants.”*
4. Within AS 1005: *“Independence”- (05. The Securities and Exchange Commission (SEC) has also adopted requirements for independence of auditors who report on financial statements filed with it),* the Board should consider including a link to the respective SEC independence guidance, instead of the user having to further search outside of the website.

We appreciate the opportunity to express our views on these important topics. We would be pleased to discuss our comments or answer any questions that the PCAOB staff or the Board may have. To do so, please contact Denise Moritz (646-225-5913), or Brian Jones (646-435-1583) at your convenience and we will be happy to assist you.

Sincerely,



WeiserMazars LLP