



April 20, 2009

Office of the Secretary  
PCAOB  
1666 K Street, N.W.  
Washington, DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 025  
*Engagement Quality Review*

To Whom It May Concern:

One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing issues. The PSC has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA.

We are delighted to have the opportunity to provide the input of the PSC into your deliberations regarding the repropoed auditing standard, *Engagement Quality Review (EQR)*. Our response includes our answers to the 11 questions listed in the exposure draft.

**Question 1: Should the standard require an EQR for other kinds of engagements performed according to PCAOB standards? If so, what types of engagements should be included and what should an EQR of such engagements entail?**

We believe the breadth of the standard is sufficient as currently drafted.

**Question 2: Is the objective in the repropoed standard appropriately formulated? Does it articulate the purpose of an EQR?**

In the letter we submitted on the original draft of this proposed standard, we indicated our support for the inclusion of an objective. We further stated that having an objective was consistent with the move towards the development of principles-based standards. We continue to favor the following objective: "An engagement quality review should be designed to determine: (1) if related financial statements are fairly presented in accordance with generally accepted accounting principles, (2) the internal control is adequate to produce materially reliable financial statements, and (3) the evidence gathered during the audit engagement provided adequate support for the audit opinion."

**Question 3: Will this objective contribute to a more thoughtful and effective EQR?**

The objective included in the repropoed standard is vague. The inclusion of an objective in the standard is a positive addition, but we continue to support our suggested objective articulated in the answer to question 2.

**Question 4: Is it appropriate to explicitly require a reviewer from within the firm to be a partner or an individual in an equivalent position?**

We believe the standard should use wording such as "of sufficient senior status" when describing the status of the reviewer from within the firm. This allows the firm to exercise appropriate judgment and does not tie the decision to a particular title such as "partner."

**Question 5: Should the standard allow qualified accountants who are not employed by an accounting firm to conduct the review?**

We believe that the standard should allow qualified accountants who are not employed by an accounting firm to conduct the review. It is imperative that the qualifications of the reviewer be specified in the standard. The outside reviewer should have relevant hands-on experience in auditing and financial reporting of SEC registrants, that experience should be current, and the reviewer must be associated with a registered firm. Also, the operating environment of any outside reviewer should be subject to the same oversight by the Board as the firm performing the engagement.

**Question 6: Should the standard prohibit the engagement partner from serving as the reviewer for a period of time following his or her last year as the engagement partner? If so, is two years sufficient, or should it be extended?**

We find two years to be an acceptable time period.

**Question 7: Are the descriptions of the scope and extent of EQR procedures contained in the repropoed standard appropriate? Will the performance of these procedures result in a high-quality EQR? If not, how should these procedures be revised?**

Overall, we believe the procedures are appropriate and, if performed completely and with due care and competence, should result in a high-quality EQR.

**Question 8: Are the specifically required procedures appropriately tailored to reflect the difference in scope between an audit and an interim review?**

We believe the procedures appropriately differentiate between an audit and an interim review.

**Question 9: Do the specifically required procedures sufficiently focus the reviewer on areas of highest risk? Are there procedures that should be required?**

The specifically required procedures are well designed to direct the reviewer's focus to the areas of high risk. We don't believe the standard should require additional procedures. We feel the quality

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reviewer should use his/her discretion in deciding which, if any, additional procedures need to be performed.

**Question 10: Is the standard for the engagement quality reviewer's concurring approval of issuance appropriately described in the reposed standard? Is the first condition appropriately tailored to reflect the difference in scope between an audit and an interim review?**

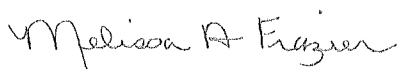
Our response to both issues raised in this question is yes.

**Question 11: Are the documentation requirements in the reposed standard appropriate? If not, how should they be changed?**

We believe the documentation requirements found in the reposed standard are appropriately focused.

We appreciate the opportunity to provide our input into the standard-setting process.

Sincerely,



Melissa A. Frazier, CPA  
Chair, Professional Standards Committee  
Texas Society of Certified Public Accountants