I.
The Public Company Accounting Oversight Board ("Board" or "PCAOB") has evaluated the submission of Ernst & Young LLP ("the Firm") pursuant to PCAOB Rule 4009(a) for the remediation period ended November 30, 2012, concerning the Firm’s efforts to address certain quality control criticisms included in the nonpublic portions of the Board’s November 30, 2011 inspection report on the Firm ("the Report"). The Board has determined that as of November 30, 2012, the Firm had not addressed certain criticisms in the Report to the Board’s satisfaction. Accordingly, pursuant to Section 104(g)(2) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 4009(d), the Board is making public the portions of the Report that deal with those criticisms.1

The Firm has notified the Board that it will not seek Securities and Exchange Commission review of the determination, which the Firm has a right to do under the Act and Commission rules. The Firm has requested that a related statement by the Firm be attached as an Appendix to this release, and the Board has granted that request. By allowing the Firm’s statement to be attached as an Appendix to this release, however, the Board is not endorsing, confirming, or adopting as the Board’s view any element of the Firm’s statement.

1 Those portions of the Report are now included in the version of the Report that is publicly available on the Board’s web site. Observations in Board inspection reports are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability.
II.

The quality control remediation process is central to the Board's efforts to cause firms to improve the quality of their audits and thereby better protect investors. The Board therefore takes very seriously the importance of firms making sufficient progress on quality control issues identified in an inspection report in the 12 months following the report. Particularly with the largest firms, which are inspected annually, the Board devotes considerable time and resources to critically evaluating whether the firm did in fact make sufficient progress in that period. The Board makes the relevant criticisms public when a firm has failed to do so to the Board's satisfaction.

It is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control. Any Board judgment that results in later public disclosure is a judgment about whether the firm made sufficient effort and progress to address the particular criticisms articulated in the report on that firm in the 12 months immediately following the report date. It is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

June 11, 2014
At EY, we are committed to serving our stakeholders – shareholders, audit committees, companies, regulators and the markets generally – who count on us to deliver high quality audits. The performance of quality audits is our number one priority. It is for this reason that, since it was created by the Sarbanes-Oxley Act of 2002, we have supported the mission of the Public Company Accounting Oversight Board. The PCAOB inspection process unquestionably has led to improvements in the quality of audits by our firm and the profession more broadly.

The Board is making public portions of Part II of our 2010 Inspection Report relating to two areas where the Board found that our remediation efforts were insufficient. We have taken substantial remedial actions with respect to both matters, including significantly enhancing our policies and practices in the two areas noted. This includes providing our audit professionals with new audit tools, additional training and expanded technical guidance. More broadly, we have also significantly increased the number of partners and staff devoted to quality-control and quality-improvement measures across our firm. These efforts have been beneficial generally and continue to improve the quality of the audits we perform.

At the same time, we can and will continue to improve the quality of our audits – both generally and in the areas highlighted by the publicly released portions of Part II of our 2010 Inspection Report. Our commitment to high quality audits extends to all levels of the firm, from our leadership to our audit teams.

We accept and take very seriously the Board’s determination regarding the firm’s two areas of remediation in Part II. We share with the Board a common objective to see continuous improvement in the quality of our work and we are firmly committed to this objective and to working with the Board in a cooperative and constructive manner. We also note the Board has stated that "[i]t is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control" and that a public release of those criticisms "is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period."

We fully appreciate our important duty to the public trust and capital markets. We look forward to working with the Board on our ongoing efforts to improve audit quality.