



National Association of State Boards of Accountancy

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August 25, 2015

Office of the Secretary  
PCAOB  
1666 K Street, NW  
Washington DC 20006-2803

Via email: [comments@pcaobus.org](mailto:comments@pcaobus.org)

Re: PCAOB Rulemaking Docket Matter #029

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on PCAOB Rulemaking Docket Matter #029, *Supplemental Request for Comment: Rules to require disclosure of certain audit participants on a new PCAOB form (“Request for Comment”)*. NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all certified public accountants and their firms in the United States and its territories. In furtherance of that objective, we offer the following in response to the questions posed in the Request for Comment.

#### OVERALL COMMENTS

- We support the supplemental request to disclose the name of the engagement partner and information regarding certain other participants in the audit on a new PCAOB form, *Auditor Reporting of Certain Audit Participants* (Form AP).
- We believe that the alternative presented would result in achieving the overall objective of transparency regarding participants in the audit, while at the same time providing easy access to such information and alleviating many of the practical issues, including those related to the need to obtain consents, previously highlighted by us. As stated in our January 24, 2014 letter to the PCAOB, state regulators have not had a problem identifying the engagement partner or other firm participants in investigating a failed audit.
- We agree with the change in the re-proposal to exclude engaged specialists from the disclosure requirements. We believe regulators and other readers may find it difficult to use the information disclosed if it includes auditors and registered public accounting firms, as well as other parties “participating in the audit.” This may raise questions regarding whether the parties disclosed are engaged in unlicensed practice in the state(s) in which the audit takes place. Limiting the disclosure to the auditor and registered public accounting firms will enhance regulators’ ability to use the disclosure effectively when unlicensed practice questions arise.

- We believe that there are certain limited implementation and other issues that should be considered by the PCAOB that would provide clarity and assist with application of the proposed requirements. These implementation issues relate to:
  - Ability to use estimates in the calculations for determining which participants should be disclosed (form instructions now do not acknowledge ability to use estimates).
  - Filing deadline and ability to use batch reporting for Form AP (suggesting audit reports issued in a particular month be reported to the PCAOB by the end of the following month, e.g., all February issued audit reports would be provided in batch form to the PCAOB by March 30<sup>th</sup>). As the instructions are now written, it appears that the time period would be related to the filing date of each issuer, which could be cumbersome.
  - Effective date to use a phased approach, providing engagement partner names as of the proposed effective date, but providing information regarding other participants in the audit at a later date (e.g., for audit reports issued after December 31, 2016 or three months after approval by the SEC). This would allow time for a process and system to be put in place to gather the information related to other participants.

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We appreciate the strong relationship between the PCAOB, NASBA and the State Boards of Accountancy, and we look forward to being able to continue to provide transparent, relevant financial information to the users of financial statements. Thank you for the opportunity to share our comments on PCAOB Rulemaking Docket Matter #029, *Supplemental Request For Comment: Rules to require disclosure of certain audit participants on a new PCAOB form*. Please contact us if you have questions or need clarification regarding our comments.

Sincerely,



Walter C. Davenport, CPA  
NASBA Chair



Ken L. Bishop  
NASBA President and CEO