

March 12, 2014

VIA E-MAIL comments@pcaobus.org

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

Re: PCAOB Release No. 2013-009, Rulemaking Docket Matter No. 029, *Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit* ("Proposed Amendments")

Dear Members of the Board:

WeiserMazars LLP ("WeiserMazars") welcomes the opportunity to comment on the Public Company Accounting Oversight Board's (the "PCAOB" or the "Board") Proposed Amendments. WeiserMazars supports the PCAOB in its efforts to enhance audit quality in audits of issuers in order to provide investors and other financial statement users increased transparency in financial reporting so they can make appropriately informed investment decisions. We also support the Board in its efforts to promote transparency by providing investors and other financial statement users with appropriate information to enable them to assess the necessary qualifications and competencies of all registered public accounting firms who audit the financial statements of issuers.

WeiserMazars is a firm with over 100 partners and 650 professionals in six offices across the United States ("U.S."), an independent member firm of the Mazars Group, an organization with over 14,000 professionals in more than 70 countries around the world, and a member of Praxity, a global alliance of independent firms. Because we are a U.S. registered public accounting firm, and a member of an international network, our perspectives may differ from our international counterparts due to variations in the client population and litigation environment.

Our responses to the Board's Proposed Amendments are driven primarily by our position in the U.S. marketplace as a medium-sized public accounting firm servicing issuers with less than \$0.5 billion in market capitalization held by non-affiliates. Therefore, our focus is to address our concerns and challenges to companies with similar characteristics to our issuer client base as well as to similar accounting firms.

WEISERMAZARS LLP
135 WEST 50TH STREET – NEW YORK, NEW YORK – 10020
TEL: 212.812.7000 – FAX: 212.375.6888 – WWW.WEISERMAZARS.COM

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Overall Views

We do not support disclosing: (1) the name of the engagement partner in the most recent period's audit and (2) the names, locations, and extent of participation of other public accounting firms that took part in the audit and extent of participation of other persons (whether an individual or a company) not employed by the auditor who performed procedures on the audit ("Other Participants in the Audit").

Our position is primarily driven by the following:

- We believe audit committees are primarily responsible for vetting the quality and selection of the issuer's auditor, including but not limited to the engagement partner(s) and Other Participants in the Audit.
- The responsibility for an audit engagement rests with the Firm that issues the report, not with the individual engagement partner.
- Currently, there is no direct evidence to support improvement in audit quality would be derived from naming the audit partner and/or Other Participants in the Audit in the report.
- There is a high risk of incorrect conclusions drawn by investors and other financial statement users by directly associating an individual engagement partner with business failures, restatements, etc., without consideration of a variety of other contributing factors
- There may be incremental exposure to litigation and personal liability for engagement partners and Other Participants in the Audit.

We support the Board's mission to develop auditing standards that promote transparency and improvements in audit quality; however, we believe the Proposed Amendments will result in unintended consequences without obvious improvement in performance.

Questions Related to Section VII:

1. *Would the repropoed requirements to disclose the engagement partner's name and information about other participants in the audit provide investors and other financial statement users with useful information? How might investors and other financial statement users use the information?*

Disclosing the name of the engagement partner and information about Other Participants in the Audit in the auditors' report will not provide investors and other financial statement users valuable or useful information on which to make informed decisions. In fact, we believe, while "transparency" may be improved, there can be no direct correlation drawn from this information to the quality of the audit performed and may result in unwarranted and unsupported assumptions and conclusions about the nature of the audit, the engagement partner and Other Participants in the Audit. The appropriate context of this information is available to audit committees in the execution of their duties under their company's audit committee charters.

When an audit is conducted, significant decisions about critical audit matters and other aspects of the audit engagement are required to be discussed with the engagement quality reviewer (“EQR”) along with various key professionals, specialists and quality control professionals throughout the registered public accounting firm. Decisions on significant issues do not solely rest on the shoulders of the engagement partner. Specific procedures, protocols and adherence to the standards of the PCAOB and other professional standards are inherent in a public accounting firm’s quality control system to ensure there is a system of checks and balances before an audit opinion is released to the investing public. Therefore, investors and other financial statement users should not solely rely on the reputation of the engagement partner when assessing audit quality but should be assessing the reputation of the entire registered public accounting firm. To the degree members of the audit committee, investors and other financial statement users need information to assess audit quality or firms; they have at their fingertips information contained in the registered public accounting firm’s public filings with the PCAOB and inspection reports posted by the Board as well as other publicly available data.

Investors and other financial statement users might use the information to gain only “surface-level” understanding on the competency, reputation, history of restatements, litigation, etc., of the engagement partner and Other Participants in the Audit by comparing such individuals to others in a database and assigning them a “grade” or benchmark.

2. *Would the name of the engagement partner or the extent of participation of other participants be useful to shareholders in deciding whether to ratify the company's choice of registered firm as its auditor? If so, how?*

We believe indicating the name(s) of the engagement partner and the extent of Other Participants in the Audit would provide limited to no value to shareholders when deciding whether to ratify a company’s choice of registered public accounting firm as its auditor. We view the engagement partner and Other Participants in the Audit aspect of the audit engagement to be encompassed in the company’s audit committee’s evaluation along with numerous other key factors and considerations (e.g., reputation of the registered public accounting firm and industry expertise). The audit committee’s evaluation is reviewed with the company’s Board of Directors prior to recommending the auditor to the shareholders for ratification.

3. *Over time, would the repropoed requirement to disclose the engagement partner's name allow databases and other compilations to be developed in which investors and other financial statement users could track certain aspects of an individual engagement partner's history, including, for example, his or her industry expertise, restatement history, and involvement in disciplinary proceedings or other litigation?*

- a) *Would such databases or compilations be useful to investors and other financial statement users? If so, how?*
- b) *Would they provide investors and audit committees with relevant benchmarks against which the engagement partner could be compared? If so, how?*

We believe that such databases or compilations will not be useful to investors and other financial statement users. From such databases, which may provide only limited information, incorrect inferences or conclusions about audit quality and the individual engagement partner may be reached. Thus, the use of such databases would be self-limiting and would not provide detailed information that may be readily obtained by audit committees in vetting firms and specifically audit partners.

We believe the development of such databases or compilations will not provide investors and audit committee members with relevant benchmarks because the focus should be assessing the quality of the registered public accounting firm and not on the individual engagement partner.

4. *Over time, would the repropoed requirement to disclose the other participants in the audit allow investors and other financial statement users to track information about the firms that participate in the audit, such as their public company accounts, size of the firms, disciplinary proceedings, and litigation in which they have been involved? Would this information be useful to investors and if so, how?*

We do not believe the inclusion of this information is useful. It is the responsibility of the registered public accounting firm to properly supervise the audit, including any Other Participants in the Audit that may be involved. As mentioned above, the key decisions in the audit process are not limited to the engagement partner alone. Additionally, the inclusion of this type of information could potentially increase the engagement partner's exposure to litigation and personal liability.

5. *Is the ability to research publicly available information about the engagement partner or other participants in the audit important? If so, why, and under what circumstances?*

We do not believe the ability to research publicly available information about the engagement partner or any Other Participants in the Audit is important to users of the financial statements. We do not see direct correlation between the names of engagement partners and Other Participants in the Audit with the determination or assumption of audit quality, or lack thereof. In addition, the name of the registered public accounting firm appears on the audit opinion and all inspection reports for PCAOB registered firms are available for review. Notwithstanding the individual firm's responsibility to assess performance of all professionals, including engagement partners, we believe it is the audit committee's responsibility to assess the competency and reputation of a registered public accounting firm, including engagement partner and Other Participants in the Audit. The names of the engagement partner and Other Participants in the Audit will not provide adequate information to investors and other financial statement users to enable assessment of qualification or ability, among other relevant attributes.

6. *Would the repropoed requirement to disclose the engagement partner's name promote more effective capital allocation? If so, how? Can an engagement partner's history provide a signal about the reliability of the audit and, in turn, the company's financial statements? If so, under what circumstances?*

We believe there is no correlation between disclosure of the engagement partner's name and effective capital allocation. As previously noted, the engagement partner is a part of the engagement team involved in rendering the opinion. We believe the requirement of a registered public accounting firm to have a strong practice monitoring program which includes all quality control policies and procedures as required by the PCAOB is more meaningful than the inclusion of the engagement partner's name which adds no significant value or guarantee of performance to users of the financial statements.

We believe that an engagement partner's history does not provide a signal about the reliability of the audit because when an audit is conducted it's based on the entire engagement team, plus other required and available firm resources (e.g. EQR, specialists, experts etc.).

7. *Would the repropoed requirements to disclose the engagement partner's name and information about other participants in the audit either promote or inhibit competition among audit firms or companies? If so, how?*

We do not believe the inclusion of the engagement partners name is relevant to the users of the financial statements and accordingly, and in our practice space, would have no impact on either promoting or inhibiting competition among audit firms or companies. We believe that the current information available about the PCAOB registered Firms is sufficient to users of the financial statements on the size and nature of issuers we audit.

8. *Would the repropoed disclosure requirements mislead investors and other financial statement users or lead them to make unwarranted inferences about the engagement partner or the other participant in the audit? If so, how? Would there be other unintended consequences? If so, what are those consequences, and how could they be mitigated?*

We strongly believe that the repropoed disclosure requirements as presented may cause investors and other financial statement users to draw inappropriate conclusions with respect to the quality of the audit. As noted in our previous responses above, unwarranted inferences and judgments could be made by investors and other financial statement users who do not fully comprehend the nature and extent of conducting the audit of an issuer. Without disclosing in appropriate context of what the information means, we believe such information may cause confusion and uncertainty to investors and other financial statement users.

12. *Would the repropoed amendments increase the engagement partner's or the other participants' sense of accountability? If so, how? Would an increased sense of accountability for engagement partners or other participants have an impact on audit quality? If yes, please provide specifics.*

We do not believe the inclusion of the engagement partner's name or other participants would increase the sense of accountability. We believe in the current environment that there is more than sufficient accountability, not only for engagement partners, but for all audit professionals. Public accounting professionals must be accountable to: (a) registered public accounting firms – who have the ability to monitor and evaluate such professionals through training, performance evaluations, oversight through engagement quality reviews and quality control oversight through technical review and consultations, (b) audit committees and management of issuers – who have the ability to provide oversight over the audit process and be responsible for the appointment, pre-approval of services and compensation of registered public accounting firms, (c) regulators – who have the ability to commence an enforcement action which could impact their reputation, careers, bar them from practicing before the regulatory body and impose severe monetary penalties, and (d) public interest and investors – who have the ability to commence legal action against them if they believe there was an audit failure.

14. *What costs could be imposed by the application of the consent requirement to other firms that are named in the auditor's report? Please discuss both administrative costs to obtain and file consents with the SEC, as well as any indirect costs that might result. How could insurance or other private contracts affect these costs?*

We believe there would be additional costs imposed since the other firms participating in the audit may perceive increased exposure to unwarranted litigation; potentially increasing costs associated with professional liability insurance and thus would charge additional fees in order to be named in the report, or otherwise, may not accept participation on the audit engagement. We believe increased cost would result in a competitive disadvantage for medium- sized registered public accounting firms and increase fees to their issuer clients without incremental improvement in audit quality.

17. *Would increasing the threshold for individual disclosure of other participants to 5% from the originally proposed threshold of 3% improve the relevance of the disclosure? Would it reduce potential costs? Would another threshold, such as 10%, be more appropriate? If so, why?*

We believe there should be no requirement for individual disclosure of other participants in the audit. The PCAOB interim audit standards under AU 543, *Part of the Audit Performed by Other Independent Auditors*, provide adequate guidance for reference or taking responsibility for the work of others auditors.

20. *Under the repropoed amendments, the auditor would be required to include the extent of participation of persons engaged by the auditor with specialized skill or knowledge in a particular field other than accounting and auditing ("engaged specialists") in the total audit hours and to disclose the location and extent of participation of such persons. The engaged specialists would not be identified by name, but would be disclosed as "other persons not employed by the auditor."*
- a) *Is it appropriate to require disclosure of the location and extent of participation of engaged specialists? If not, why?*
 - b) *Would there be any challenges in or costs associated with implementing this requirement for engaged specialists? If so, what are the challenges or costs?*

Our response to Question 20 is consistent with our response as noted in Question 14 above.

21. *In the case of other participants that are not public accounting firms (such as individuals, consulting firms, or specialists), is the participant's name a relevant or useful piece of information that should be disclosed? Does disclosure of the participant's location and the extent of the participant's participation provide sufficient information?*

We believe providing such information would be irrelevant. In fact, it would detract investors and other financial statements users from the principal audit firm's ultimate responsibility for overseeing the audit engagement and the work of such individuals. We also believe that other participants being named in the audit would possibly view this as unwarranted exposure on their part.

23. *Are the repropoed amendments to disclose the engagement partner's name and information about other participants in the audit appropriate for audits of brokers and dealers? If yes, are there any considerations that the Board should take into account with respect to audits of brokers and dealers?*

We believe the Proposed Amendments to disclose the engagement partner's name and information about Other Participants in the Audit are not relevant to brokers-dealers as well. Our thoughts expressed in the previous questions noted above would also apply to broker-dealers. We believe there is already sufficient publicly available data to investors and other financial statement users to use.

In Summary

We applaud the Board in its efforts on improving transparency in the audit of financial statements and related information, thereby continuing to close the expectation gap between investors and auditors. Our lack of support of the Proposed Amendments is related to our conviction that we are not providing investors and other financial statement users the complete picture of how audit quality is obtained. We remain committed to participating in future discussions with the Board and its staff about how to best implement appropriate provisions of the Proposed Amendments that would further enhance audit quality with respect to issuers and improve transparency. Lastly, we fully support the mission of educating investors and other users of financial statements about the process of auditing issuers and the meaning behind the issuance of the independent auditor's report.

We would be pleased to discuss our comments with you at your convenience. Please direct any questions to Wendy B. Stevens, Partner-in-Charge, Quality Assurance, at (212) 375-6699 (wendy.stevens@weisermazars.com), Michael DeVito, Partner, SEC Practice Group and the Manufacturing and Distribution Group, at (732) 475-2119 (michael.devito@weisermazars.com) or Salvatore A. Collemi, Director, Quality Assurance, at (212) 375-6552 (salvatore.collemi@weisermazars.com).

Very truly yours,



WeiserMazars LLP