

September 9, 2015

VIA E-MAIL [comments@pcaobus.org](mailto:comments@pcaobus.org)

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

**Re: PCAOB Release No. 2015-004 Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a new PCAOB Form**

Dear Office of the Secretary:

WeiserMazars LLP (“WeiserMazars”) welcomes the opportunity to comment on the Public Company Accounting Oversight Board’s (the “PCAOB” or the “Board”) *Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a new PCAOB Form* (the “Supplemental Request”). WeiserMazars continues to support the PCAOB in its efforts to enhance audit quality in audits of issuers and non-issuer broker-dealers in order to provide investors and other financial statement users increased transparency in financial reporting so they can make appropriately informed decisions as well as providing appropriate information to enable such users to assess the necessary qualifications and competencies of all registered public accounting firms.

WeiserMazars is a firm with over 100 partners and 700 professionals across the United States (“U.S.”), an independent member firm of the Mazars Group, an organization with over 15,000 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 Supplemental Request are driven primarily by our position in the U.S. marketplace as a medium-sized public accounting firm servicing mostly small business issuers and non-issuer broker-dealers.

**Overall Views**

As we previously commented in [our response letter dated March 12, 2014](#) on PCAOB Release No. 2013-009, Rulemaking Docket Matter No. 29, *“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”*, we continue to believe that naming the engagement partner and other public accounting firms that took part in the audit and the extent of participation (“Other Participants in the Audit”) will not enhance transparency, increase accountability or provide the value perceived by investors and other financial statement users. The ultimate responsibility for the quality of an audit engagement rests with the issuer’s public accounting firm, not with the individual engagement partner or Other Participants in the Audit.

Audit committees are primarily responsible for vetting the activities of the issuer’s auditor, including, but not limited to, the approval of the auditor and the plan for use of other participants in the audit. We urge you to consider the Securities and Exchange Commission’s (the “SEC”) recently issued Concept Release Paper No. 33-9862, *Possible Revisions to Audit Committee Disclosures* (the “Concept Release”) in conjunction with the Board’s current rule making process as some of the disclosure objectives in the Concept Release appear to overlap with repropoals in the Supplemental Request. Regardless, we continue to assert that the appropriate information relating to the audit partner and Other Participants in the Audit is readily available to audit committees as part of their responsibilities and public disclosure of this information should only be considered in the appropriate context.

There remains a high risk that incorrect analysis, correlations and conclusions may be reached by investors and other financial statement users from the naming of the audit engagement partner and Other Participants in the Audit being made publicly available which will not be offset by a noticeable increase in the quality of audits.

We offer our insights to certain questions raised by the Board and Staff as follows:

- 1. Would disclosure on Form AP as described in this release achieve the same potential benefits of transparency and an increased sense of accountability as mandatory disclosure in the auditor’s report? How do they compare? Would providing the disclosures on Form AP change how investors or other users would use the information?**

The disclosure on Form AP as described in the Supplemental Request essentially provides the same information as was previously proposed as mandatory disclosure in the auditor’s report. The public accounting firm is responsible for the auditor’s report and the quality of the audit. We continue to be concerned regarding how investors and other financial statement users would use the publicly available information. While factual information may be provided, there can be no direct correlation drawn upon from the information as 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.

- 2. Are there special considerations relating to the Form AP approach that have not been addressed in this supplemental request for comment? If so, what are the considerations? How might the Board address them? What are the costs of Form AP compared to the costs of disclosure in the auditor’s report?**

Aside from our continued opposition to the principles behind proposed disclosures, the Form AP approach makes appropriate considerations related to content. We do believe the frequency and short deadline requirements should be subject to additional consideration. We are not concerned about incremental direct costs of implementation of the Form AP versus the proposed disclosure in the auditor’s report.

- 3. Would disclosure on Form AP mitigate commenters’ concerns about liability? Are there potential unintended consequences, including liability-related consequences under federal or state law, of the Form AP approach? If so, what are the consequences? How might the Board address them?**

We believe the disclosure on Form AP would only continue to increase the potential liability, particularly with respect to Section 10b-5 class action securities fraud lawsuits, of the named engagement partner and Other Participants in the Audit. We see no difference whether the

information is included in the auditor's report or filed with new Form AP. We believe the same potential unintended consequences exist with Form AP as with including the auditor's name in the opinion, including, but not limited to, the potential to incorrectly associate an individual engagement partner with business failures and restatements without consideration of other factors.

- 4. In addition to the required filing of the Form AP, auditors may decide to voluntarily provide the same disclosures in the auditor's report. Are there any special considerations or unintended consequences regarding voluntary disclosure in the auditor's report? If so, what are those considerations or consequences? How might the Board address them?**

We do not support the notion of providing voluntary disclosures in the auditor's report. While we clearly do not support disclosure in the Form AP or the auditor's report, the voluntary option would add to the confusion and unintended conclusions drawn from the method used by auditors to disclose certain information.

- 6. Is 30 calendar days after the filing of the auditor's report (and 10 calendar days in case of an IPO) an appropriate amount of time for firms to file Form AP? Should the deadline be short or longer? Why? Are there circumstances that might necessitate a different filing deadline? For example, should there be a longer deadline (e.g., 60 days) in the first year of implementation? Should the 10-day deadline apply whenever the auditor's report is included in a Securities Act registration statement, not just in the case of an IPO?**

The timeframe proposed to file the Form AP is unrealistic considering the level of detail requested. Periodic reporting should be considered for types of issuer filings.

- 7. This supplemental request for comment contemplates not requiring disclosure of nonaccounting firm participants in the audit as previously proposed. Is it an appropriate approach to not require disclosure of nonaccounting firm audit participants? If not, should the Board adopt the requirements as proposed in the 2013 Release or the narrower, more tailored approach described in Section V of this supplemental request, which would not require disclosure of information about nonaccounting firm participants controlled by or under common control with the accounting firm issuing the auditor's report, with control as defined in Section V? If the Board were to adopt this narrower, more tailored approach, is the description of the scope of a potential requirement sufficient?**

We believe that it is not appropriate to require disclosure of nonaccounting firm participants as previously proposed. We disagree with the adoption of the narrower, more tailored approach described in Section V of this Supplemental Request. Ultimately, the audit firm signing the opinion that is responsible for the planning and coordination of any nonaccounting firm audit participants.

- 9. Does Form AP pose any specific issues for brokers, dealers, or other entities? If so, what are those issues? How does disclosure on Form AP compare to disclosure in the auditor's report in the 2013 Release in that regard?**

Broker-dealers should be excluded from any disclosure requirements whether in the auditor's report or in Form AP. We continue to believe disclosure of the engagement partner's name and information about Other Participants in the Audit is irrelevant to non-issuer broker-dealers.

If transparency achieved by the proposed auditor-related disclosures is intended to give investors more information to make informed investment decisions, we do not understand how the disclosure requirements wholesale apply to non-issuer broker-dealers. We believe an investment decision is not influenced by the introducing broker's ability to execute or introduce an order to a clearing firm. In the case of a clearing firm, it is unclear what value is derived from the naming of an engagement partner or the impact it would have on whether non-issuer broker-dealer's client would conduct business with the non-issuer broker-dealer.

The Board should consider an exemption of all the proposed disclosures related to naming of the engagement partner and Other Participants in the Audit for non-issuer broker-dealers (and smaller issuers). In addition, as it relates to our client base, we are concerned about an unintended consequence previously not mentioned. Public disclosure of certain fee related information may inspire competitors to reduce fees and ultimately have the potential to hinder auditor's continuous mission for improvement in audit quality.

### **In Summary**

We applaud the Board for its continuing efforts to improve audit quality and transparency in the audits of financial statements and the related information. However, in consideration of our issuer and non-issuer broker-dealer audits, we continue not to support the disclosure of the name of the engagement partner and certain information about other accounting firms in the auditor's report or in a new PCAOB form. We remain committed to participating in future discussions with the Board and its staff in finding other ways to enhance audit quality and transparency in financial reporting. As always, we fully support the mission of educating investors and other users of financial statements about the process of auditing issuers and non-issuer broker-dealers 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](mailto:wendy.stevens@weisermazars.com)), Michael DeVito, Partner, SEC Practice Group and the Manufacturing and Distribution Group, at (732) 475-2119 ([michael.devito@weisermazars.com](mailto:michael.devito@weisermazars.com)) or Salvatore A. Collemi, Director, Quality Assurance, at (212) 375-6552 ([salvatore.collemi@weisermazars.com](mailto:salvatore.collemi@weisermazars.com)).

Very truly yours,



WeiserMazars LLP