

August 31, 2015

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

By e-mail: comments@pcaobus.org

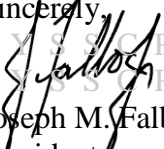
**Re: Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit
Participants on a New PCAOB Form**

(Release No. 2015-004, Docket Matter No. 029)

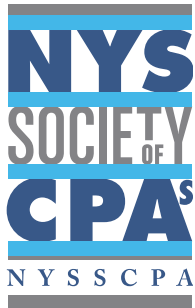
Dear Madame Secretary:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned release.

The NYSSCPA's SEC and Auditing Standards Committees deliberated the supplemental request for comment and prepared the attached comments. If you would like additional discussion with us, please contact Charles Abraham, Chair of the SEC Committee at (516) 620-8526, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Joseph M. Falbo, Jr.
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON
SUPPLEMENTAL REQUEST FOR COMMENT: RULES TO REQUIRE DISCLOSURE
OF CERTAIN AUDIT PARTICIPANTS ON A NEW PCAOB FORM**

(RELEASE NO. 2015-004, DOCKET MATTER NO. 029)

August 31, 2015

Principal Drafters

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Elliot L. Hendler
Mitchell J. Mertz
Victoria L. Pitkin**

From the Auditing Standards Committee:

Howard B. Levy

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New York State Society of Certified Public Accountants

Comments on

Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form (Release No. 2015-004, Docket Matter No. 029)

The New York State Society of Certified Public Accountants (NYSSCPA) is pleased to submit the following comments on Release No. 2015-004 “Supplemental Request for Comment: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form” Docket Matter No. 029 (the Request) issued by the Public Company Accounting Oversight Board (the PCAOB or the Board). We understand the purpose of the Request and the previous proposals regarding this topic is to improve audit quality by disclosing certain key participants in the audit including the identity of the engagement partner, other independent public accounting firms that participated in the audit, and other non-accounting firm participants in the audit.

We opposed the identification of the engagement partner in our three previous letters to the Board regarding Docket Matter No. 029 as follows:

1. Letter dated February 4, 2014 (Comment Letter No. 31) in response to Release No. 2013-009 “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,”
2. Letter dated January 4, 2012 (Comment Letter No. 18) in response to Release No. 2011-007 “Improving the Transparency of Audits: Proposed Amendments to PCAOB Auditing Standards and Form,” and
3. Letter dated September 10, 2009 (Comment Letter No. 6) in response to Release No. 2009-005 “Concept Release on Requiring the Engagement Partner to Sign the Audit Report.”

The primary basis for our objections was and continues to be, twofold: (1) that the perceived value to be obtained by investors from the information provided by such disclosure is overestimated and has the potential to mislead the public by providing it with the misconception that the engagement partner is responsible for the audit rather than the public accounting firm, and (2), that a requirement to disclose the engagement partner’s identity will not improve audit quality.

In the Request, the Board has proposed the use of a new PCAOB form, Form AP, *Auditor Reporting of Certain Audit Participants* (Form AP) and the future development of a searchable database for investors to obtain the information included on the Form AP. We are concerned that the development of such a database (that would allow users to search Forms AP “by engagement partner... and by company”) would enable investors to access information that far exceeds that

which would have been available had the Board's original proposal succeeded. As originally proposed, the identification of the engagement partner would have been limited to the audit report of a particular company, and the investor would not be able to assemble a list of all the engagements that partner participated in readily. As described in the Request, investors would be able to search the database by engagement partner and obtain a list of all public audit engagements for which that partner was responsible. We do not believe that this additional information would be useful to the investor in making investment decisions to an extent that would ever approach the economic cost of providing it.

The Request states that "over time, the PCAOB could enhance the search functionality as needed and could allow users to download the search results." While we acknowledge that the current proposal does not include disclosing anything more than the audit partner's name, we are concerned about the direction the Board may be taking with regard to enhancements. Presumably, such enhancements may include references to disciplinary actions taken by the Board, the Securities and Exchange Commission (the SEC), the American Institute of Certified Public Accountants (the AICPA), or a state society against the engagement partner or other public accounting firm that participated in the audit, but without regard to the nature of the disciplinary action or the applicability to the engagement under audit. Furthermore, it is probable that an audit committee would reject an audit partner who had been the subject of an earlier disciplinary action without having a detailed understanding of the nature of the disciplinary action.

Another enhancement might be the disclosure of a partner's participation in an audit of financial statements that were subsequently restated. Restatements result from varying causes, and many do not equate to what are commonly called "audit failures" (something that could be falsely inferred from such disclosures). The database would, presumably, not be able to distinguish between the different types of restatements and, therefore, provide potentially misleading information to the investor.

Because of the potential for providing misleading information, the misuse of that information, and the low value of providing information indefinitely, we believe that should this proposal succeed in any form, the information available to the investing public should be as static as the information that the Board originally wanted provided in the auditors' report. This is why we proposed in 2014 that the Board amend Form 2 or Form 3 to collect the information that it seeks. We believe that the requirement of a new Form AP provides no incremental benefit to the Board or the investing public and only adds administrative burden for public accounting firms. In addition, we believe that the time frame provided to file the Form AP is too short considering the level of detail required in Form AP (as described in Appendix 1 of the Request). For audit firms with numerous issuers with the same deadlines, it might be difficult to accumulate accurately all of the necessary information within the time frame, especially information related to other audit participants and the percentage of total hours that are attributable to the other audit participants.

We are in complete agreement with the Board's goal of enhancing audit quality; however, we reiterate our belief, as expressed in our letters referenced above, that the inclusion of the audit partner's identity is more likely to be misleading to the investing public than

informative. Such information overstates the responsibilities of the engagement partner while obscuring the responsibility of the audit firm for the performance of a high quality audit. The extensive disclosures regarding other public accounting firms participating in the audit as proposed in the Request would tend to imply erroneously that the signing firm is not ultimately responsible for the performance of the audit particularly when reference is not made to the other firm(s). Further, providing such information on a form or in a database likely ensures that the information is provided without context or reference and, therefore, diminishes its value.