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April 23, 2004

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

RE: PCAOB Rulemaking Docket Matter No. 014

We are pleased to comment on the PCAOB's proposed Auditing Standard on Conforming Amendments resulting from the adoption of PCAOB Auditing Standard No. 2. We respect the limited scope of the PCAOB's proposal and that comments on the principles and requirements of PCAOB Auditing Standard No. 2 are not being considered.

1. The PCAOB proposes approximately 40 changes to the PCAOB's existing professional standards. With these proposed changes to the professional standards, and with the changes the PCAOB has already made, we suggest that it is now time for the PCAOB to prepare a formal codification of the PCAOB's professional standards requirements and to keep this codification continuously updated. With such a codification, auditors, audit committees, and other interested parties can determine the exact wording of the current requirements pertaining to audits of financial statements, audits of internal control, independence, and so on. Without such a codification, auditors and other users may not be able to efficiently and accurately determine the current requirements, which increases the risk of inadequate, incomplete, outdated, or delayed adoption of, and compliance with, the PCAOB's requirements.

Without the availability of such a codification, each user would have to prepare its own codification of the PCAOB's professional standards. This appears to be inefficient as well as to run the risk of missed changes and inadequate updating.

To increase the ability of registered firms to adapt their policies and procedures to the PCAOB's requirements and the ability of other users to understand the current audit requirements, the codification should be made available electronically in formats that are directly usable in word processing programs.

2. In paragraph 2d of the proposal, the PCAOB indicates it intends "reasonable assurance" to mean "a high level of assurance". If the PCAOB does intend to equate "reasonable assurance" with "high assurance", then the PCAOB should clarify expectations and replace all references in its standards to the former term with the latter term. However, we suggest this issue requires further deliberation and discussion before "reasonable assurance" is stated to always mean "high assurance", or to mean "high assurance" in some cases but not in others.

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For example, we note four references in the new combined auditor's report to "reasonable assurance": the auditor plans and performs the audit "to obtain reasonable assurance about whether the financial statements...", a company's internal control system is "a process designed to provide reasonable assurance...", the internal control policies and procedures "provide reasonable assurance that transactions are recorded..." and the internal control policies and procedures "provide reasonable assurance regarding prevention...". It is not clear whether all these references are intended to be, or should be, interpreted by preparers, auditors, and users to mean "high assurance."

3. We suggest that the PCAOB clarify whether and how its standards, including the proposed conforming changes, apply to the audits of employee benefit plans where the plan is registered with and files Form 11-K with the Securities and Exchange Commission. The PCAOB's rules on registration of auditing firms (PCAOB Release 2003-07) indicate that such registered employee benefit plans are "issuers". Paragraph 2 of PCAOB Auditing Standard No. 2 indicates three classes of entities (registered investment companies, issuers of asset-backed securities, and nonpublic companies) that are not subject to the internal control reporting requirements mandated by Section 404 of the Sarbanes-Oxley Act of 2002, but does not refer to registered employee benefit plans in the list of exempt entities. Page 4 of the PCAOB's release on the current proposal indicates the "limited circumstances" in which a report under Section 404 is not required, but does not refer to registered employee benefit plans. Due to the number of registered employee benefit plans, clarity would be useful in the PCAOB auditing standards as to what auditing standards are to apply to audits of registered employee benefit plans.

We would be pleased to discuss these comments if you desire. Please contact Jim Brown at 574 232-3992 if you have any questions.

Yours very truly,

Crowe Chizek and Company LLC