



August 18, 2015

Office of the Secretary  
Public Company Accounting Oversight Board  
PCAOB Rule Making Docket Matter No. 029  
1666 K Street, NW  
Washington, DC 20006-2803  
Via e-mail: [comments@pcaobus.org](mailto:comments@pcaobus.org)

PCAOB Rule Making Docket Matter No. 029

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

Dear Ms. Brown:

The Accounting Principles and Auditing Standards Committee (the "Committee") of the Florida Institute of Certified Public Accountants ("FICPA") respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Supplemental Request for Comment issued by the Public Company Accounting Oversight Board (the "PCAOB" or "Board"). The FICPA has approximately 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of 22 members, of whom 50% are from local or regional firms, 9% are from large multi-office firms, 18% are sole practitioners, 9% are in international firms, and 14% are in academia or private industry. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them. The Committee has the following comments related to the questions posed by the Board.

We appreciate the Board's continued efforts to improve overall audit quality and are pleased to provide our response below:

**Overall Response:**

- The Committee does not agree with the concept of placing the engagement partner's name on the audit report for a number of reasons as further summarized below. The Committee also does not agree with the concept of placing the engagement partner's name on Form AP for similar reasons.
- Regarding disclosing the information about other participants in the audit, the Committee had previously discussed and then generally felt that existing standards, possibly supplemented by current US GAAS on group audits, provide enough guidance for practitioners and provide sufficient reporting for investors.

**Engagement partner's name on the audit report or on Form AP**

The Committee noted a variety of concerns regarding placing the engagement partner's name on the audit report or on Form AP:

Usefulness to investors

Committee members expressed concerns over the usefulness of disclosing the engagement partner's name. It was also noted that even with disclosure of the engagement partner's name in the audit report or on Form AP, investors would not have all the facts needed to judge the partner's performance and expertise.

Litigation

Committee members noted the proposed amendments are generally consistent with practice in certain foreign jurisdictions. However, given the legal climate in the United States, the inclusion of the audit partner's name may do more to add figurative ammunition to a plaintiff's case than actually improving audit quality.

Partner workload

Committee members noted the proposed amendments may actually hinder audit quality as firms may be forced to utilize a symbolic "brand name" partner on certain engagements rather than the partner who would be the best fit to a particular audit. If firms are more concerned about having "brand name" partners on so many engagements, such partners may have a workload that is not conducive to high audit quality.

Partner experience

Long-term, the proposed amendments may be detrimental to the development of future partners if younger partners are prohibited from serving as engagement partner on a number of engagements in the interest of having "brand name" partners instead for the sake of appearance. This issue, as well as the issue above regarding workload and other factors, could diminish a firm's quality control.

Focus on the partner

Committee members indicated that it is not just a partner that is involved in an audit, but rather a team at a firm that is subject to a firm's quality control processes. Including the name of the engagement partner may work to provide an inappropriately great focus on the audit partner.

**Disclosing the information of other participants in the audit**

In both a previous Committee meeting and current Committee meeting, views were not as strong as on the issue of disclosing the information of other participants in the audit as compared to disclosure of the engagement partner's name on the audit report or on Form AP. However, the Committee generally felt that existing standards, possibly supplemented by current US GAAS on group audits, provide enough guidance for practitioners and provide sufficient reporting for investors. While it can be said the proposed amendments are well-intentioned, in that meeting Committee members expressed concern that the proposed amendments are overly prescriptive and may be information overload, ultimately hindering the usefulness of the information. Committee members had noted the current AICPA guidance on group audits, applied in the public company environment, provide sufficient information to investors.

**Response to the Board's Questions in Opportunity for Public Comment:**

Question 1

Committee members believe disclosure on Form AP would have much the same effect as mandatory disclosure in the auditor's report as under both alternatives, the information would be available to the public. Committee members also noted that both approaches have concerns. Please see the Committee's Overall Response above.

Question 2

Please see the Committee's Overall Response above.

Question 3

The Committee members did not believe that disclosure on Form AP would mitigate concerns about liability. Please see the Committee's Overall Response above.

Question 4

Regarding voluntary disclosure of the information in the auditor's report, this would lead to inconsistency in presentation and possibly confusion among users about where to obtain information. If Form AP does not exist and disclosure of the information in the auditor's report was optional, users would have difficulty in determining completeness of lists of audit reports signed by a respective audit partner.

Question 5

Please see the Committee's Overall Response above.

Question 6

Please see the Committee's Overall Response above. However, if Form AP is implemented, perhaps an annual reporting requirement would be more feasible, similar to Form 2. Also, consideration should be given to exempting reports on financial statements of smaller reporting companies.

Questions 7 through 12, inclusive

Please see the Committee's Overall Response above.

The Committee appreciates this opportunity to respond to this Board's proposed rule. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Brion L. Sharpe, CPA  
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Steven Morrison, CPA  
Brion L. Sharpe, CPA