

February 3, 2014

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. 29, *Improving the Transparency of Audits: Proposed Amendments to the PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit*

Dear Office of the Secretary:

We appreciate the opportunity to respond to the Public Company Accounting Oversight Board's ("PCAOB" or "Board") Release No. 2013-009 on *Improving the Transparency of Audits: Proposed Amendments to the PCAOB Auditing Standards to Provide Disclosure in the Auditor's Report of Certain Participants in the Audit* ("Release"). Overall, we support the Board's efforts to improve transparency to investors and other financial statement users. However, we have several reservations regarding the proposed amendments. This letter includes our views and observations on engagement partner identification and identification of other participants in the audit as set forth in the Release.

Disclosure of the Name of the Engagement Partner

We do not support the identification of the engagement partner in the audit report, as we do not believe it will serve to advance the Board's goal of improving audit quality. Further, we have concerns that investors, issuers and auditors would suffer unintended negative consequences.

We acknowledge that identifying the engagement partner in the audit report would increase transparency of that information but question how that information is valuable to investors or how that information can be used by investors to better understand the audit or audit process. Users, other than perhaps audit committees, lack the full context necessary to truly evaluate audit quality, and users of the audit reports may draw inappropriate inferences about the expertise or experience of the engagement partner. This limited information doesn't take into account the unique circumstances applicable to engagement partner's experiences with other public companies, nor their experiences outside the public company environment. It also doesn't take into account the experience, expertise or relative roles of the engagement quality reviewer, subject matter experts or other firm specialists who play significant roles in the audit, especially in complex, higher risk areas. Audits are performed by teams of individuals who perform

critically important functions. Therefore, we believe it is more appropriate that firms sign audit reports and not individuals.

For all the reasons and concerns mentioned above, we also do not support the identification of the engagement partner in the PCAOB Form 2.

Disclosure About Certain Other Participants in the Audit

We do not support the identification of other participants in the audit report, as we do not believe it will serve to advance the Board's goal of improving audit quality. Further, we have concerns that providing that information when the primary audit firm assumes responsibility for or supervises the work of those participants would appear to change or diminish the overall responsibility of the primary auditor. We do not believe it is possible for users of the financial statements to make any informed decision about the impact on audit quality simply by naming other participants without also evaluating the materiality and complexity both of the information being tested, nature of the work performed, the qualifications of the participants who performed that work, the extent of planning, supervision and review performed by the principal auditor.

If the Board believes the current quality control standards on supervision of other participants used in an audit are unsatisfactory, we respectfully propose the Board tackle those issues by amending current auditing standards or proposing auditing standards to address those issues.

We also have concerns that the identification of other participants could be a competitive disadvantage for smaller firms when compared to larger firms who have common branding of their network firms, *i.e.*, use of a common name. Investors may make incorrect assumptions about the quality of network firms based on similarity of their names to the detriment of smaller firms that lack a similar network structure.

For all the reasons and concerns mentioned above, we also do not support the identification of other participants in the PCAOB Form 2.

Liability Considerations

The requirement for a consent pursuant to Section 7 from the engagement partner and other participants, if named in the auditor's report, raises other concerns with legal liability and logistical challenges. Liability considerations are primarily related to an increase in Section 11 liability. We believe the increase in litigation exposure to engagement partners and other participants would be an unintended consequence of the Release to increase transparency.

The logistics of obtaining consents from engagement partners who have since left the firm due to retirement, joined another firm or have been hired by a firm's client could prove, in some cases,

to be an insurmountable challenge since a firm would have no legal rights or ability to force the former partner of the firm to provide their consent. There may be independence issues, as well, in these situations if a former engagement partner is required to consent during a cooling off period. It is unclear how these would be addressed in the Release.

The logistics of obtaining consents from other participants could prove to be even more challenging. Given the increase in liability, these other participants will have to perform other procedures around the filing before issuing a consent, thereby increasing their time and costs related to their use in audits.

Scope of the Proposal

We believe the scope of the proposal should include emerging growth companies (EGCs), as EGCs have the same characteristics as other public companies and the users of their financial statements would benefit from the same disclosures as other issuers. We do not believe the scope of the proposal should include nonissuer brokers and dealers, as the cost to provide the relevant information would not justify the incremental cost considering most brokers and dealers are so closely held.

We appreciate the opportunity to express our views on this important topic for the Board's consideration. If you have any questions or would like to discuss these matters further, please contact Jennifer George or Doug Bennett at 417.831.7283 or by email at jgeorge@bkd.com or dbennett@bkd.com.

Sincerely,

Handwritten signature in black ink that reads "BKD, LLP". The letters are stylized and slanted.

BKD, LLP