



May 18, 2010

Office of the Secretary  
PCAOB  
1666 K Street, N.W.  
Washington, DC 20006-2803

Rulemaking Docket Matter No. 030

Gentlemen:

On behalf of the board of directors of the National Association of Corporate Directors (NACD), we are pleased to submit these comments on the PCAOB's exposure draft dealing with "Communications with Audit Committees." NACD is the only national membership organization created by and for directors, providing solutions and resources that empower boards to be more effective. The board of directors of NACD speaks out on important corporate governance matters affecting directors as appropriate.

In that regard, we have reviewed the April 23, 2010 comment letter on this PCAOB proposal submitted by our fellow board member Dennis Beresford and endorse Mr. Beresford's positions. To emphasize some of his views, we wish to make the following summary points about the PCAOB project.

1. Effective communications between independent auditors and audit committees are a very important part of the financial reporting and audit process. Thus, we certainly support the intent underlying this proposal. However, we are not aware of any strong demand from audit committee members for an increase in the formal communications that would be mandated by a new standard. Indeed, we are concerned that requiring a large number of new requirements might actually work to inhibit existing effective informal communications between auditors and audit committees.
2. We do agree that external auditors should be required to send an engagement letter to the audit committee and should also be required to communicate details about the audit strategy, related risks, and timing of the audit. Beyond those two matters, it is not clear to us that the many remaining new requirements are obvious improvements to the current audit standards that have been in place for many years. We are particularly concerned about the extensive new communication requirements dealing with estimates, which strike us as matters better dealt with between management and the audit committee.

3. It is absolutely critical that all required communications be in writing. To add a large number of new ones and allow that they be accomplished through conversation invites considerable misunderstanding rather than effective communication.

In summary, we hope that you do not interpret a relatively small number of comments as either agreement with your proposals or lack of interest. Rather, we encourage PCAOB to make greater efforts to reach out to corporate board members to ascertain what new communication requirements are needed and desired. There is a fine balance to be struck between fostering and documenting auditor-audit committee communication on the one hand and creating an overly bureaucratic process on the other which could have the unintended consequence of impeding communication. NACD would be pleased to arrange face-to-face meetings between PCAOB staff members and groups of public company directors. Therefore, we respectfully request that the comment period be extended 45 days to allow us to be of assistance.

Sincerely,



Barbara Hackman Franklin  
Chairman, NACD



Kenneth Daly  
NACD President and CEO