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February 20, 2012

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

RE: Request for Public Comment on Proposed Auditing Standard Related to Communications with Audit Committees (PCAOB Release No. 2011-008, December 20, 2011)

Board Members:

I appreciate this opportunity to comment on the Public Company Accounting Oversight Board's (the Board) proposed Auditing Standard Related to Communications with Audit Committees. This proposed standard has benefitted significantly from input from the September 2010 Roundtable, the reopening of the initial comment period and will benefit further from input received on this reproposal. I commend the Board and staff for their comprehensive approach to this very important subject.

The comments and suggestions that follow are principally from my experience and perspective as an audit committee chair and member.

At this stage, my only significant comment concerns what I believe to be the best practice approach for audit committee communications. The proposed standard often refers to two-way communications between auditors and audit committees. I strongly favor an emphasis on robust three-way communication between management, auditors and audit committees. In my experience this is almost always the way these communications take place. I can't recall the last time I participated in a significant discussion of an important financial reporting matter related to accounting, disclosure, controls, etc., when all three parties were not present and actively participating together.

I am aware and acknowledge that the Board has no authority to set standards for either management or audit committees and therefore has needed to set forth the matters it believes must be communicated through a standard written for auditors. However, I believe the document should recognize management as the primary source of such communications with audit

committees, with auditors participating directly in such communications. The auditor's responsibility to engage in a direct two-way communication with the audit committee would be by exception, taking place only if the three-way process fails to appropriately include all important matters.

If the auditor concludes that direct two-way communication with the audit committee is necessary, due to a failure or unwillingness of management to communicate effectively, the auditor should be required, in addition to communicating the subject matter in lieu of management, to discuss the circumstances with the audit committee so that the committee can fully understand why the expected three-way communication process has failed to occur. Presumably the audit committee would then have a full discussion of the matter with management as well.

I assume that a final standard will be issued sometime later this year. If so, although the standard's effective date will have to be for audit years after 2012, I recommend that the Board encourage early application of the standard to the extent feasible and practicable for 2012 audits in process. Many of the proposed requirements are standard practice today but to the extent that they are new for a particular company, their adoption should be encouraged for 2012 year-end communications, without imposing any retroactive requirements. Important improvements should not wait a year to be implemented.

I would be happy to answer any questions the Board or staff may have concerning my comments and suggestions.

Sincerely,



J. Michael Cook

- cc: James R. Doty
Chairman, PCAOB
- cc: Lewis H. Ferguson
Board Member, PCAOB
- cc: Jeanette M. Franzel
Board Member, PCAOB
- cc: Jay D. Hanson
Board Member, PCAOB
- cc: Steven B. Harris
Board Member, PCAOB