

December 9, 2013

VIA E-MAIL comments@pcaobus.org

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

Re: PCAOB Release No. 2013-005, Rulemaking Docket Matter No. 034, *Proposed Auditing Standards – The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion; The Auditor’s Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor’s Report; and Related Amendments to PCAOB Standards* (“Proposed Auditing Standards”)

Dear Members of the Board:

WeiserMazars LLP (“WeiserMazars”) welcomes this opportunity to comment on the Public Company Accounting Oversight Board’s (the “PCAOB” or the “Board”) Proposed Auditing Standards. WeiserMazars supports the PCAOB in its efforts to enhance audit quality for audits of issuers in order to provide investors and other financial statement users transparency in financial reporting so they can make appropriately informed investment decisions.

For this reason, we are joining the discussion about how best to address specific concerns raised by the Board regarding the demands of investors and other financial statement users that the current auditor’s pass/fail reporting model does not provide sufficient information relating to a particular audit of an issuer. WeiserMazars is a firm with over 100 partners and 650 professionals in six offices across the United States (“U.S.”), an independent member firm of the Mazars Group, an organization with 13,500 professionals in more than 70 countries around the world, and a member of Praxity, a global alliance of independent firms. We understand the increased complexity of global business operations and the use of judgments and estimates made by management of issuers as well as complex privately-held businesses. Because we are a U.S. registered public accounting firm, and a member of an international network, our perspectives may differ from our international counterparts due to variations in the client population and litigation environment.

We understand the PCAOB wants to enhance the current auditor’s reporting model while at the same time does not want to create undue hardship to both independent registered public accounting firms and issuers, increase litigation, add further complexity in the capital markets or promulgate reporting requirements for which the costs outweigh the benefits.

Our responses to the Board’s Proposed Auditing Standards are driven primarily by our position in the U.S. marketplace as a medium-sized public accounting firm servicing issuers with less than \$.5 billion in market capitalization held by non-affiliates. Therefore, our focus is to address our concerns and challenges to companies with similar characteristics to our issuer client base as well as to similar accounting firms.

WEISERMAZARS LLP
135 WEST 50TH STREET – NEW YORK, NEW YORK – 10020
TEL: 212.812.7000 – FAX: 212.375.6888 – WWW.WEISERMAZARS.COM

WEISERMAZARS LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.

Overall Views

We understand the Board's position with respect to the auditor's unique insights and knowledge developed during the audit process and that certain information should be shared with investors and other financial statements users. However, we do not believe it would be appropriate to mandate auditors to provide such information in the auditor's report. Auditing of an issuer is a highly complex professional discipline that requires many years of experience, training and education and knowledge of the issuer's business. An audit requires extensive use of the auditor's professional judgment. In our view, the disclosure of critical audit matters within the auditor's report would not incrementally help investors make informed decisions or enhance transparency and may confuse investors and dilute the value of an independent auditor's report.

We fully support improvement to the auditor's reporting model and also recognize investors' needs for meaningful information on which to base their investment decisions. But certain of the proposed changes will require significant judgments to be made by auditors, management, audit committees and other members of the Boards of Directors which may generate inconsistency between firms and issuers and could be widely misinterpreted by investors. We believe that investors and other users of financial statements may not reasonably and meaningfully assess the effectiveness of such judgments of critical audit matters without all the factual and technical data that is available to the auditor.

We believe the assessment of audit quality is the responsibility of practice and technical leaders of audit firms, regulators (such as the SEC and the PCAOB), state boards of accountancy and most importantly, audit committees of issuers upon whom investors should be able to place their reliance as to such matters. In our opinion, we view the regulation and strengthening of audit committee responsibility as "gatekeepers" as the most important aspect and viable alternative to assure that investor needs are served.

Appendix 5 – Additional Discussion of the Proposed Auditor Reporting Standard, Proposed Amendments to PCAOB Standards, and Comments on the Concept Release

Questions Related to Section IV:

- The proposed auditor reporting standard would require the auditor's report to be addressed at least to (1) investors in the company, such as shareholders, and (2) the board of directors or equivalent body. Are there others to whom the auditor's report should be required to be addressed?*

We do not believe that there is a need to change the provisions of AU Section 508.09. The proposed standard indicates that the "requirement for the auditor's report to be addressed to investors might serve as a reminder to the auditor that the auditor's ultimate customer is the investor." We do not believe that the proposed requirement regarding the addressee will cause any change in an auditor's view of the importance of the investor. Therefore, the current provisions of AU Section 508.09 are adequate and appropriate. We also believe that because the current addressee model is appropriate, there are no others to whom the auditor's report should be addressed.

- The proposed auditor reporting standard retains the requirement for the auditor's report to contain a description of the nature of an audit, but revises that description to better align it with the requirements in the Board's risk assessment standards. Are there any additional auditor responsibilities that should be included to further describe the nature of an audit?*

We believe that the revisions related to the description of the nature of an audit, as described in the proposed auditor reporting standard, are adequate and appropriate. We do not believe that there are any additional auditor responsibilities that need to be included to further describe the nature of an audit.

4. *The proposed auditor reporting standard would require the auditor to include a statement in the auditor's report relating to auditor independence. Would this statement provide useful information regarding the auditor's responsibilities to be independent? Why or why not?*

We do not believe that a statement in the auditor's report relating to auditor independence is necessary. The title of the auditor's report states the auditor is independent, and we believe this is sufficient. Therefore, further disclosure regarding auditor independence is unnecessary.

5. *The proposed auditor reporting standard would require the auditor to include in the auditor's report a statement containing the year the auditor began serving consecutively as the company's auditor.*

- a. *Would information regarding auditor tenure in the auditor's report be useful to investors and other financial statement users? Why or why not? What other benefits, disadvantages, or unintended consequences, if any, are associated with including such information in the auditor's report?*

Information regarding the tenure of the auditor does not fit into the context of the auditor's report and, therefore, would not be useful to investors or other financial statement users. Tenure of the auditor is not related to auditor responsibilities. There is no meaningful analysis that can be attributed to auditor tenure. The number of years an auditor serves an issuer may or may not impact audit quality.

- b. *Are there any additional challenges the auditor might face in determining or reporting the year the auditor began serving consecutively as the company's auditor?*

We believe auditor tenure is meaningless, and more so, if there have been a series of mergers among auditing firms.

- c. *Is information regarding auditor tenure more likely to be useful to investors and other financial statement users if included in the auditor's report in addition to EDGAR and other sources? Why or why not?*

Auditor tenure is not a meaningful measure and should not be reported in the auditor's report or elsewhere.

Questions Related to Section V:

10. *Would the auditor's communication of critical audit matters be relevant and useful to investors and other financial statement users? If not, what other alternatives should the Board consider?*

We believe the inclusion of critical audit matters in the auditor's opinion will add further confusion to investors who do not fully understand the auditing process or how an engagement team reaches its conclusions regarding risk assessments. We would expect that the auditor and the issuer would incur additional costs related to the reporting of critical audit matters. We are also concerned, that such inclusion may become recurring disclosures of routine critical audit matters with "boilerplate" language, because issuers in similar industries will presumably have the same recurring critical audit matters (e.g., loan loss reserves for a bank). Use of the auditor's report to convey important information about the company is not a practical solution for providing critical information that should be authored by management, approved by members of the Board of Directors, particularly the audit committee, and included elsewhere in issuer filings.

11. *What benefits or unintended consequences would be associated with the auditor's communication of critical audit matters?*

We do not believe there are any benefits derived from including critical audit matters in the auditor's report. Unintended consequences of such inclusion may include negative impacts on the relationship between the auditor, issuer's management and the audit committee regarding an ongoing and open dialogue, and forthright communication of significant audit matters. Another unintended consequence is that auditor judgment may be impacted whereby matters may be excluded from the Engagement Completion Document or not communicated to the audit committee.

12. *Is the definition of a critical audit matter sufficient for purposes of achieving the objectives of providing relevant and useful information to investors and other financial statement users in the auditor's report? Is the definition of a critical audit matter sufficiently clear for determining what would be a critical audit matter? Is the use of the word "most" understood as it relates to the definition of critical audit matters?*

We believe the definition of a critical audit matter is clearly stated in the proposal. However, such matters would not necessarily be understood by financial statement users. We are concerned that some investors may misinterpret the communication of a critical audit matter to be indicative of an issue with respect to the quality of the financial statements or operations of a company, or that such communication may be seen as a qualified auditor's report.

We agree that the use of the word "most" as understood in the definition of critical audit matters in the Proposed Auditing Standard would be clear to a reasonable investor.

15. *Would including the audit procedures performed, including resolution of the critical audit matter, in the communication of critical audit matters in the auditor's report be informative and useful? Why or why not?*

We believe the inclusion of audit procedures performed, critical audit matters and other information subject to the auditor's judgment in the auditor's report will not be relevant or useful, and may even be further confusing to investors; this may result in more questions being raised than answers provided, which could impact the U.S. capital markets in a negative way. For instance, smaller sized filers may be significantly impacted by the inclusion of critical audit matters in the auditor's report because they may not have the same sophistication and resources as larger filers. Investors may not be able to understand critical audit matters or other information without the bases needed to put these matters in proper perspective.

21. *What are the additional costs, including indirect costs, or other considerations related to the auditor's determination, communication, and documentation of critical audit matters that the Board should take into account? Are these costs or other considerations the same for all types of audits?*

We believe additional recurring costs will be incurred by auditors, especially for smaller and medium sized accounting firms, caused by additional review time incurred by the lead engagement partner, engagement quality reviewer ("EQR"), Engagement Quality Control Reviewer ("EQCR"), and potential review by auditor's in-house or outside legal counsel. Auditors may also have increased liability insurance coverage.

For many non-accelerated filers, these activities will also require input from management, audit committees and others, including issuer's in-house or outside legal counsel. Also see our response to question #23 below.

23. *How will audit fees be affected by the requirement to determine, communicate, and document critical audit matters under the proposed auditor reporting standard?*

Substantial first-time through and recurring costs in these areas could be expected by auditors and their issuer clients. For auditors this could include training and manuals/template updates. For the issuers, there could also be additional training and increased professional fees. Consequently, we believe that additional time incurred and resources used by the engagement team and other firm personnel will cause audit fees to increase. Such fee increases may have an unintended consequence as issuers may consider changing auditors, which may compromise the quality of the audit in order to lower the cost of obtaining an audit opinion.

24. *Are there specific circumstances in which the auditor should be required to communicate critical audit matters for each period presented, such as in an initial public offering or in a situation involving the issuance of an auditor's report on a prior period financial statement because the previously issued auditor's report could no longer be relied upon? If so, under what circumstances?*

We believe significant matters warranting inclusion in the auditor's report should be addressed through an emphasis of a matter paragraph in accordance with existing standards and based on auditor judgment; such matters should not be mandated by the Board.

26. *What challenges might be associated with the comparability of audit reports containing critical audit matters? Are these challenges the same for audits of all types of companies? If not, please explain how they might differ.*

We believe that the time incurred for the inclusion of critical audit matters in auditor's reports would be quite lengthy and not particularly useful to investors, while simultaneously increasing costs and exposure to frivolous litigation for smaller to medium sized public accounting firms. Smaller to medium sized public accounting firms, as compared to the larger international public accounting firms, may not have the resources to protect their practices.

Critical audit matters for a smaller or non-accelerated filer may not be deemed as critical for a larger or accelerated filer. Therefore, the Board's single requirement for different sized filers may not be equally weighted in practice causing additional burden to non-accelerated filers. This also applies to complex versus simple accounting issues whereby a complex issue for a smaller or non-accelerated filer that would be deemed a critical audit matter by an auditor may not be deemed critical for a larger or accelerated filer.

Further, the comparability of auditor's reports that include critical audit matters would add confusion to investors, particularly if a critical audit matter existed in only one year. In addition, for critical audit matters to be truly comparative, a detailed history would need to be provided to the financial statement user. Provision of a detailed history would become a "form over substance" approach, whereby such long and technically detailed information would not be useful to investors. Additionally, we believe this information could be interpreted by the investing public potentially as "unresolved issues," which could lead to possible misinterpretation by analysts, investors and other financial statement users, leading to increased litigation against both the issuer and the auditor.

27. *What benefits or unintended consequences would be associated with requiring auditors to communicate critical audit matters that could result in disclosing information that otherwise would not have required disclosure under existing auditor and financial reporting standards, such as the examples in this Appendix, possible illegal acts, or resolved disagreements with management? Are there other examples of such matters? If there are unintended consequences, what changes could the Board make to overcome them?*

We do not believe that overall users of the audited financial statements, particularly investors, would receive any additional benefit from this information, which would also prove to be more costly to the issuer. Such responsibility should be borne by management and not the independent auditor. Therefore, critical audit matters that have been satisfactorily resolved among management, the audit committee, other members of the Board of Directors and the auditor should not be included in the auditor's report.

28. *What effect, if any, would the auditor's communication of critical audit matters under the proposed auditor reporting standard have on an auditor's potential liability in private litigation? Would this communication lead to an unwarranted increase in private liability? Are there other aspects of the proposed auditor reporting standard that could affect an auditor's potential liability in private litigation? Are there steps the Board could or should take to mitigate the likelihood of increasing an auditor's potential liability in private litigation?*

We believe the auditor's communication of critical audit matters would substantially expand the scope of auditor liability in private securities litigation without providing any corresponding benefit to investors. Any comment made (or omitted) would be scrutinized under the current "recklessness" *scienter* standard for liability under Section 10(b) of the Securities Exchange Act of 1934 for fraudulent or misleading statements made with respect to securities traded in the public markets. It would be extremely difficult to obtain dismissal of such claims on motion. This would revive the ability of class action securities counsel to present auditors with the choice of paying unreasonable settlements or enduring the very substantial costs of civil discovery on claims without legal merit. This, in turn, would increase the legal and insurance expenses of auditors and thus require material increases in fees to issuer clients.

The same considerations would inhere to any discussions of non-financial information required by the proposal. This problem would be exacerbated by the lack of auditor qualifications to understand and comment on non-financial, subjective company information and the inability to apply objective verification procedures to such matters.

A potential solution to these concerns might be the creation of a legislative "safe harbor" for such non-financial information comments (similar to that existing for projected financial statements). But it would be difficult to define that "safe harbor" to distinguish it from the current opinion on compliance with U.S. GAAP and it would require U.S. Congressional action.

The Board should consider proposing a related project to address the clarification of critical audit matters by considering the development of safe harbor language that auditors can insert in their auditor's reports in order to decrease the likelihood of financial statement users misunderstanding the nature, content and context of critical audit matters disclosed by auditors.

Questions Related to Section VI:

29. *Is it appropriate for the Board to include the description of the circumstances that would require explanatory language (or an explanatory paragraph) with references to other PCAOB standards in the proposed auditor reporting standard?*

We believe that the Board's description of circumstances that would require explanatory language is appropriate.

30. *Is retaining the auditor's ability to emphasize a matter in the financial statements valuable? Why or why not?*

We believe that it is valuable to retain the auditor's ability to emphasize a matter in the auditor's report. In general, the auditor should be able to exercise professional judgment regarding what matter(s) needs to be emphasized (taking into consideration materiality from a quantitative and qualitative perspective and other relevant facts and circumstances).

Question Related to Section VII:

34. *What are the potential costs or other considerations related to the proposed amendments? Are these cost considerations the same for all types of audits? If not, explain how they might differ.*

See our response to question #21 in Section V above. In addition, costs incurred by small to medium-sized accounting firms and smaller or non-accelerated filers, proportionately, will have a much greater impact on them than on larger or accelerated filers and larger international accounting firms.

Questions Related to Section VIII:

35. *Are the proposed reporting standard and amendments appropriate for audits of brokers and dealers? If yes, are there any considerations that the Board should take into account with respect to audits of brokers and dealers?*

Broker-dealers are not issuers. Although there are some broker-dealers that are subsidiaries of issuers, that is a small number and, we believe, to have the entire industry subjected to the proposed rule would be burdensome.

As the broker-dealer industry is heavily-regulated and subject to oversight by both FINRA, the SEC, and in some cases other exchanges, and with auditors of all broker-dealers being subjected to PCAOB standards in June 2014, existing layers of regulation pose significant costs already. Many broker-dealers are small in size. In fact, according to a recent presentation on October 31, 2013 at the PCAOB Forum on Auditing Smaller Broker-Dealers in Jersey City, of the approximately 4,200 broker-dealers, over 2,200 of the broker-dealers have minimum net capital of \$5,000 and nearly 1,700 broker-dealers have revenues of less than \$1 million.

Additionally, regulators receive monthly or quarterly regulatory reports (FOCUS Reports); broker-dealers are under constant scrutiny and maintain regular communication with regulatory bodies. Annual broker-dealer auditor's reports are filed with both the SEC and FINRA, and the SEC maintains a public library where investors can review the financial statements of broker-dealers. Regulators also review these filings. In addition, examinations of broker-dealers occur periodically by the regulators depending on the risk associated with that broker-dealer entity. If the Board decides that it would be appropriate to include all

broker-dealers under the proposed reporting standards and amendments, consideration should be given to limit the rule change to broker-dealers that hold customer securities, only.

36. *Is the requirement of the proposed auditor reporting standard to communicate in the auditor's report critical audit matters appropriate for auditors of brokers and dealers? If not, why not?*

As noted above, significant regulatory oversight already exists for auditors who audit broker-dealers. We believe that the inclusion of a requirement to communicate in the auditor's report critical audit matters for audit of brokers and dealers would provide no additional benefit. However, it is our understanding that those brokers who carry customer balances are the Board's focus. Therefore, if the Board requires critical audit matters to be included in the auditor's report, such requirement should be limited to audits of those broker-dealers who carry customer balances.

37. *Since a broker or dealer may elect to file with the SEC a balance sheet and related notes bound separately from the annual audited financial statements, should the Board address situations in which the auditor may issue two different reports for the same audit of a broker or dealer? Why or why not?*

We do believe that neither the balance sheet only auditor's report nor the full financial statement report should include critical audit matters or other information. This may cause confusion for investors as noted above for non-broker-dealer entities. However, the carrying broker-dealer should be the only broker-dealer entity considered for additional reporting as the risks of holding customer cash and securities rest with those firms.

38. *Are the proposed auditor reporting standard and amendments appropriate for audits of investment companies? If yes, are there any considerations that the Board should take into account with respect to auditors' reports on affiliated investment companies, as well as companies that are part of a master feeder fund or fund of fund structures?*

Investors in registered investment companies are required to meet the definitions of an accredited investor or qualified purchaser. Such investors are deemed sophisticated and the inclusion of a discussion of critical audit matters in the auditor's report would not add value for the investor.

Question Related to Section X:

42. *Should the Board consider a delayed compliance date for the proposed auditor reporting standard and amendments or delayed compliance date for certain parts of the proposed auditor reporting standard and amendments for audits of smaller companies? If so, what criteria should the Board use to classify companies, such as non-accelerated filer status? Are there other criteria that the Board should consider for a delayed compliance date?*

If the Board adopts the new reporting standards, we believe that there should be a time delayed phase-in of the proposed reporting requirements for auditors of smaller or non-accelerated filers or smaller reporting companies in order to provide the necessary training and guidance as well as to make appropriate revisions to their respective quality control policies and procedures. However, auditors of larger or accelerated filers should be the first to comply with the proposed auditing standards.

Questions Related to Section III:

6. *Is it appropriate to require the auditor to evaluate the other information for both a material inconsistency and for a material misstatement of fact? If not, why not?*

We do not believe that the auditor should evaluate the other information for any material inconsistencies or material misstatement of facts. While the auditor gains an understanding of the other information, it would not be subjected to the same audit procedures and scrutiny as financial statement information and related footnotes, their source originating from the issuer's financial reporting system (general ledger). Therefore, much of the auditor's evaluation of other information would be conjecture, further subjecting the auditor to possible litigation and undue costs.

13. *Are there additional costs beyond those described in this Appendix related to responding when the auditor identifies a potential material inconsistency, a potential material misstatement of fact, or both? If so, what would these costs be?*

As mentioned above, we believe there would be significant additional costs incurred in the instance when there is an identification of a potential material inconsistency and/or material misstatement of fact discovered. The concept of a "close call" leads to significant costs in ensuring that the documentation is accurate and not deemed to be misleading to the users of the audited financial statements. Further, there is an implicit risk that the mere reference to a potential material inconsistency and/or misstatement of fact could be interpreted by investors or other users of financial statements that there is a material inconsistency and/or misstatement of fact when in fact there is not. We also believe this would significantly increase the risk of litigation against both the registrant and the independent registered accounting firms by providing such information to the investing public.

Question Related to Section IV:

15. *Is it appropriate for the auditor to issue an auditor's report that states that the auditor has identified in the other information a material inconsistency, a material misstatement of fact, or both, that has not been appropriately revised and describes the material inconsistency, the material misstatement of fact, or both? Under what circumstances would such a report be appropriate or not appropriate?*

We believe that it is appropriate for the auditor to appropriately address such circumstances prior to issuing the auditor's report. Specifically, the auditor should exhaust all reasonable means to understand the fact pattern causing the material inconsistency, material misstatement of fact, or both of such other information. In addition, the auditor should discuss with management and the audit committee why the issuer believes such material inconsistency, material misstatement of fact, or both, remains unresolved.

If, after performing the above procedures, the other information remains materially inconsistent, materially incorrect in fact, or both, then the auditor could consider including an emphasis of a matter paragraph in the auditor's report.

We also believe that the PCAOB may want to consider defining "material inconsistency" for purposes of evaluating circumstances to which this concept applies.

Questions Related to Section VI:

19. *Should the Board consider permitting or requiring the auditor to identify in the auditor's report information not directly related to the financial statements for which the auditor did not have relevant audit evidence to evaluate against? If so, provide examples.*

We do not believe the Board should permit or require the auditor to identify in the auditor's report information not directly related to the financial statements and related footnotes. We do believe such decision should not be based upon whether the auditor had relevant audit evidence against which to evaluate because items outside the financial statements are outside of the scope of the auditor's engagement.

20. *What additional costs would the auditor or the company incur related to auditor reporting when the auditor identifies a material inconsistency, a material misstatement of fact, or both?*

We believe both the auditor and issuer would incur substantial time and resources when involving a material inconsistency, a material misstatement of fact, or both, when attempting to report such matters to the investing public. In accordance with current PCAOB requirements, such items should be documented in the Engagement Completion Document. Such documentation includes specific fact pattern identification with a basis for conclusion. In order to transfer this knowledge into a format that is appropriate, the following may be required:

- Additional time and resources in drafting the appropriate reporting presentation content. This may also require additional time and resources from management and perhaps even from in-house or outside legal counsel depending on the nature of the reported item.
- We expect that the presented content will require the application of significant professional judgment. Specifically, judgment will be required as to the nature of the information to disclose and the amount of information to disclose. To the extent auditor judgment in this area is required, additional auditor and issuer resources will be required to limit the auditor's and issuer's risk in disseminating information that is subject to misinterpretation by the investing public regardless of how careful and thorough the auditor and issuer may be in crafting this presentation.
- We also expect an increase in time to document such additional procedures required to follow up with management, audit committee and other designated parties of the issuer, in-house or outside legal counsel, and the national office (or quality control department) review including EQR.

To the extent the Board decides to invoke this provision, it should consider providing "safe harbor" provisions for the auditor.

21. *Would the proposed reporting, including the illustrative language, provide investors and other financial statement users with an appropriate understanding of the auditor's responsibilities for, and the results of, the auditor's evaluation of the other information? Why or why not?*

We believe the proposed reporting, including the illustrative language, may provide information only to a select group of investors and other financial statement users with an appropriate understanding of the auditor's responsibilities for, and the results of, the auditor's evaluation of the other information. It is highly unlikely that the majority of investors will derive benefit from these proposed standards regarding other information or would the related proposed reporting, including the illustrative language, provide clarity of the auditor's responsibilities. The group of investors and other financial statement users that may

benefit consists of management, attorneys, audit committees, boards of directors, and sophisticated analysts and traders.

The typical investor or financial statement user is likely unable to distinguish between the audit procedures performed and assurance given on the financial statements and on other information. The proposed reporting includes a statement that “*the auditor’s evaluation of the other information was based on relevant audit evidence obtained and conclusions reached during the audit*” and then goes on to say that “*the auditor did not audit the other information and does not express an opinion on the other information.*” These two statements can be easily confused and along with the other proposed reporting language would create a more cumbersome and complex auditor’s report.

Questions Related to Section VIII:

24. *What effect, if any, would the reporting under the proposed other information standard have on an auditor’s potential liability in private litigation? Would this reporting lead to an unwarranted increase in private liability? Are there steps the Board could or should take related to the other information requirements to mitigate the likelihood of increasing an accounting firm’s potential liability in private litigation?*

The auditor’s communication of other information would substantially expand the scope of auditor liability in private securities litigation without providing any corresponding benefit to investors. Any comment made (or omitted) would be scrutinized under the current “recklessness” *scienter* standard for liability under Section 10b of the Exchange Act for fraudulent or misleading statements made with respect to securities traded in the public markets. It would be extremely difficult to obtain dismissal of such claims on motion. This would revive the ability of class action securities counsel to present auditors with the choice of paying unreasonable settlements or enduring the very substantial costs of civil discovery on claims without legal merit. This, in turn, would increase the legal and insurance expenses of auditors and thus require material increases in fees to clients.

The same considerations would inhere to any discussions of non-financial information required by the proposal. This problem would be exacerbated by the lack of auditor qualifications to understand and comment on non-financial, subjective company information and the inability to apply objective verification procedures to such matters.

A potential solution to these concerns might be the creation of a legislative “safe harbor” for such non-financial information comments (similar to that existing for projected financial statements). But it would be difficult to define that “safe harbor” to distinguish it from the current opinion on compliance with U.S. GAAP and it would require congressional action.

25. *Would reporting under the proposed other information standard affect an auditor’s potential liability under provisions of the federal securities laws other than Section 10(b) of the Exchange Act, such as Section 11 of the Securities Act? Would it affect an auditor’s potential liability under state law?*

We believe while Section 11 liability is evaluated under a lower “negligence” standard, the same considerations apply, as would the lack of commonly agreed selection criteria for the matters discussed and terminology used in such discussions. As most securities related litigation is relegated to the federal courts by current law, the proposals would likely not have much impact on liability under state law.

Question Related to Section X:

28. *Are the proposed other information standard and amendments appropriate for audits of brokers and dealers? If not, why not?*

We believe the proposed standard should not apply to broker-dealers because of the soon-to-be-effective (in 2014) compliance and exemption reports. As enacted, those reports will require significant detail in the identification of exceptions.

Question Related to Section XI:

30. *Should the Board consider a delayed compliance date for the proposed other information standard and amendments for audits of smaller companies? If so, what criteria should the Board use to classify companies, such as non-accelerated filer status? Are there other criteria that the Board should consider for a delayed compliance date?*

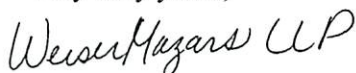
The Board should consider a delayed compliance date for the proposed other information standard and amendments for audits, particularly of smaller and non-accelerated filers.

In Summary

We applaud the Board's efforts in improving transparency in the audit of financial statements and related information, thereby beginning to close the expectation gap between investors and auditors. Our lack of support for certain aspects of the proposed auditing standards is mostly related to our conviction that we should not supplant the responsibilities of management or audit committees. We remain committed to participating in future discussions with the Board and its staff about how to best implement appropriate provisions of the proposed auditing standards that would further enhance audit quality with respect to issuers. Lastly, we fully support the mission of educating investors and other users of financial statements about the process of auditing issuers and the meaning behind the issuance of the independent auditor's report.

We would be pleased to discuss our comments with you at your convenience. Please direct any questions to Wendy B. Stevens, Partner-in-Charge, Quality Assurance, at (212) 375-6699 (wendy.stevens@weisermazars.com), Salvatore A. Collemi, Director, Quality Assurance, at (212) 375-6552 (Salvatore.collemi@weisermazars.com) or David Bender, Director, Quality Assurance at (516) 620-8497 (david.bender@weisermazars.com).

Very truly yours,



WeiserMazars LLP