

**Intel Corporation**  
2200 Mission College Blvd.  
Santa Clara, CA 95052-8119

Tel: 408-765-8080  
Fax: 408-765-8871



December 10, 2013

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

Submitted via electronic mail to [comments@pcaobus.org](mailto:comments@pcaobus.org).

Subject: PCAOB Rulemaking Docket Matter No. 034. Release No. 2013-005.

Dear Board Members of the PCAOB:

Intel appreciates the opportunity to respond to the Public Company Accounting and Oversight Board's (PCAOB) proposed auditing standards relating to the auditor's report and the auditor's responsibilities regarding other information. We support the PCAOB's objective of increasing the transparency and relevance of the auditor's report to financial statement users. However, as issued, we have significant reservations that the key elements of the proposed standards will achieve their objectives.

#### **Critical Audit Matters (CAMs)**

As stated in our letter to the PCAOB relating to their concept release on the auditor's reporting model on September 30, 2011, we firmly believe that any standard setting initiative should not change the responsibilities of management, the audit committee or the auditors. Our concern is that the current proposals may blur the lines of responsibility between management and the auditor by creating the context for the auditor to be the first point of disclosure and giving the appearance of playing the role of management.

We support maintaining the pass/fail model and the decisive clarity it brings to the auditor's opinion. We are concerned that through the expectation of CAMs existing for most audits and the likelihood the auditors will need to defend their judgments through the PCAOB inspection process, the number of CAMs will naturally increase. The subjective nature of CAMs will cause the auditor's report to become a highly interpretive document leading to user misunderstanding of the report's conclusion.

We are also concerned that this proposal is adding to an already comprehensive framework of disclosure with transparency over critical accounting estimates, risk factors and business trends. We expect that layering additional disclosures may have the unintended effect of creating more complexity and less clarity for users of the financial statements.

We believe that any changes to the auditor's report ought to require field testing with the user community to validate there is significant value from adding CAMs to the auditor's report. Other alternatives should also be explored, such as enhancing the transparency of the PCAOB inspection process and the timeliness of the inspection results, or a reexamination of the disclosure framework, so that the best solution can be developed for users.

**Auditor's responsibility regarding other information**

We support providing further clarity in the auditor's report regarding their responsibilities over other information. However, the proposal expands the scope of the auditor's responsibilities in areas that are more forward looking and subjective in nature. We note that comments from some audit firms indicate the current proposals will require additional audit procedures to be performed. It is unclear what level of assurance would result from these additional procedures. We therefore do not see significant user value in moving from a model of "read and consider" to one of "read and evaluate". Furthermore, we are unaware of significant issues associated with auditor's existing responsibilities over other information in the financial statements.

We recommend that the PCAOB carefully consider the procedures expected of auditors regarding other information and complete a cost/benefit study to determine if expected incremental costs are significantly outweighed by the value to users.

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Thank you for your consideration of the points outlined in this letter. If you have any questions regarding our comments, please contact me at (971) 215-6270.

Sincerely,



James Campbell  
Finance Vice President and Corporate Controller