

September 30, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street N W
Washington D C 20006

Re: **Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements**

PCAOB Release No. 2011-003
PCAOB Rulemaking Docket Matter No. 34

Ladies and Gentlemen:

The Accounting Principles and Auditing Procedures Committee is the senior technical committee of the Massachusetts Society of Certified Public Accountants. The Committee consists of members who are affiliated with public accounting firms of various sizes as well as members in both industry and academia. The Committee has discussed the above mentioned matter. The views expressed in this comment letter are solely those of the Committee and do not reflect the views of the organizations with which the Committee members are affiliated.

The Public Company Accounting Oversight Board (“PCAOB”) has exposed for comments the document “Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements” (Concept Release) setting forth possible changes to the Independent Auditor’s Report on Financial Statements.

Overview

The Committee feels it must express a concern up front before commenting on the Concept Release. The Committee feels that in considering the Concept Release that the PCAOB should keep in mind

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the concerns of the non-issuer companies. The majority of the Committee members represent small and medium sized companies.

It is the firm belief of the Committee that any changes from the adoption, implementation and transition to the reporting alternatives as presented in the Concept Release will trickle down to non-issuer companies. These small and medium sized companies will be forced to transition to whatever changes that are adopted by the PCAOB.

The Committee in concept only agrees with the PCAOB undertaking the initiative to consider improvements to the auditor's reporting model. The Committee however as detailed below believes the approach taken in the Concept Release is not the right approach. The Committee believes that if more information is needed by users that generally accepted accounting standards should be reviewed and amended to address the concerns of users of the financial statement.

The Committee does not agree that the auditor's role should be expanded in the auditing and reporting process. Management of the audit entity should be responsible for the financial statements and disclosures. The Committee believes that the financial statements should stand "on their own". The Committee believes that the responsibility for the financial statements should stay with management and that the auditor should not become a source of disclosure within the reporting process. The Committee strongly believes that the auditor's role and purpose should remain that of an independent auditor attesting to the fairness, in all material respects, of the financial statements presented.

The Committee is also concerned about the costs of implementing any changes to the Independent Auditor's Report as set forth in the Concept Release. Any changes would result in the auditor incurring additional costs that cannot necessarily be passed onto the audit client.

Auditor's Discussion and Analysis ("ADA")

The Committee does not support the adoption of an ADA section as an alternative for providing additional information.

As stated above the management of the audit entity should be responsible for the disclosure and information in the financial statements. The Committee believes by adding an ADA section that an expectation gap would be created. The readers/users of the financial statements could misunderstand the purpose and content of the ADA resulting in confusion. This expectation gap would be that users of the financial statement would expect that the auditor is responsible for the financial statements and the disclosure of non-financial information.

The Committee is particularly concerned about the disclosure of risks and "close calls".

This disclosure could lead to increased litigation generating by either disclosing or even not disclosing this information. Because of the concern of litigation the ADA would result in “boilerplate language” as defined in the Concept Release. The Committee, because of the possibility of litigation, sees no alternative to either the “boilerplate language” or language that is less than forthright.

The Committee further sees that the addition of an ADA and its requirement to disclose certain items could impair the relationship and limit open communication between the auditor, management and the Audit Committee.

The Committee finally is concerned about the timeframes required to put the ADA section together. Time frames to complete audits in many cases are already tight.

The Committee feels that the implementation of an ADA section would result in information not useful to the reader for the reasons detailed above.

Required and Expended Use of Emphasis Paragraph

The Committee does not support the adoption of expanding the emphasis of matter paragraph as presently detailed in auditing literature as a mean of making the Independent Auditor’s Report more relevant and useful in making investment decisions.

The Committee does not see how this would improve the readers understanding without lengthy explanations of the specific matters involved. These lengthy explanations could result in the lessening of the impact and effect of the emphasis paragraph. The lengthy explanations could also result in the readers/users of the financial statements skipping the applicable paragraphs entirely.

The Committee believes that the current auditing literature as related to emphasis of a matter paragraphs is appropriate and should not be changed.

Auditor Assurance on Other Information Outside the Financial Statements

The Committee does not support the adoption of auditor assurance on other information outside the financial statements as an alternative for enhancing the Independent Auditor’s Report.

Information outside the financial statements such as Management Discussion and Analysis could include forward looking or prospective material. The Committee is concerned about how the auditor would have the ability to judge these prospective materials.

The Committee, once again, is concerned about the timeframes required to gain and report assurance on information outside the financial statements. Time frames to complete audits in many cases are already tight.

The Committee finally sees this proposal as resulting in a separate required engagement between the auditor and the audit client. This would result in greater costs to both the auditor and the audit client.

The Committee finally does not believe only portions of other information outside the financial statement should be reported on because this could be misconstrued as providing assurance on all the information instead the intended purpose of providing assurance on only a portion.

Because of the costs, timeframe and the required expertise as detailed above, the Committee feels that the costs of this option outweigh the benefits.

Clarification of Language in the Standard Auditor's Report

The Committee feels that this proposed approach would provide a more cost efficient and meaningful manner for enhancing the auditor's reporting model. As detailed in this section of the Concept Release to have the auditor clarify and explain the auditor's responsibilities and role in the audit would serve to enhance the Independent Auditor's Report. These clarifications and explanations would also hopefully increase the financial statements user's knowledge of the audit process.

The suggested areas of clarification are already those matters that are presently being communicated to the Audit Committee and management. Therefore this should not result in any material increases of time or cost.

The Committee sets forth that the proposed clarifications within this approach are appropriate. The Committee does not foresee any potential implications to the scope of the audit or the auditor's responsibilities resulting from such clarifications.

The Committee does suggest that the PCAOB consider adding the use of headings for each significant paragraph within the Independent Auditor's Report in order to make the report better understood and easier to read should these clarifications be adopted.

Considerations Related to Changing the Audit Report

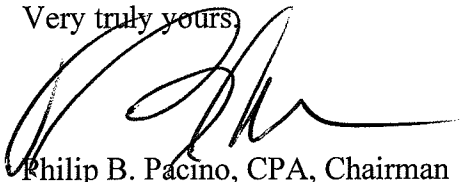
The Committee has tried to address this section of the Concept Release in each the above sections.

The Committee feels that the present auditing standards regarding Independent Auditor's Reports should be sufficient to address the concerns the users of financial statements have. The Committee believes the concerns may be that users do not fully understand the purpose and content of the Independent Auditor's Report. The Committee expresses the opinion that users of the financial statements are looking to the auditors to "do their job" for them at the expense of the auditors.

As stated above, the Committee believes that if more information in the financial statements is needed by users that generally accepted accounting standards should be reviewed and amended to address the concerns of users of the financial statement. The Committee takes the position that if more information is needed that additional disclosure via either footnotes to the financial statements or changes to the financial statement framework be contemplated.

Thank you for allowing us to comment on this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Pacino', written over the text 'Very truly yours,'.

Philip B. Pacino, CPA, Chairman
Accounting Principles and Auditing Procedures Committee
Massachusetts Society of Certified Public Accountants