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

**Re: PCAOB Rulemaking Docket Matter No. 034 Proposed Auditing Standards on the Auditor's Report and the Auditor's Responsibilities Regarding Other Information and Related Amendments**

Dear Members and Staff of the Public Company Accounting Oversight Board:

Booz Allen Hamilton appreciates the opportunity to respond to the request for comments from the Public Company Accounting Oversight Board (the "PCAOB" or the "Board") on its Proposed Auditing Standard – 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 (collectively the "Proposed Standards"). Booz Allen Hamilton is a leading provider of management consulting, technology, and engineering services to the U.S. government in defense, intelligence, and civil markets, and to major corporations, institutions, and not-for-profit organizations. Booz Allen is headquartered in McLean, Virginia, employs more than 23,000 people, and had revenue of \$5.76 billion for the 12 months ended March 31, 2013. Our stock has traded on the New York Stock Exchange (NYSE: BAH) since November of 2010.

We commend the Board for undertaking this project to enhance the transparency and relevance of auditor communications provided to users of financial statements. We are supportive of any initiative that results in better information being provided to our investors and other stakeholders so that they can make more informed decisions. We believe that improvements to financial reporting are achieved through a multi-faceted approach that include clarifying changes to the audit report by the PCAOB complimented by the continued efforts by the Financial Accounting Standards Board ("FASB") and the Securities and Exchange Commission ("SEC"). Both the FASB and the SEC have been responsive to investor and other stakeholder needs requiring additional disclosures focused on educating stakeholders, allowing them to make more informed investment decisions. The changes within the Proposed Standards could yield additional understanding but we do have concerns on how certain changes may be interpreted by the users of the financial statements.

We wish to emphasize that fundamental to any changes being contemplated by the Board, is that the financial statements and related disclosures are ultimately management's responsibility, with the auditor's role being to express an opinion on whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles ("GAAP"). Therefore it is critical that any changes to the auditor's opinion neither duplicate nor create confusion for the investing community, but rather focus on providing the investor with additional objective information. Any discussion of areas of judgment or critical accounting matters should, in our view, rest with management and the associated disclosures within the financial statements.

The preparation of our financial statements is a result of a rigorous process that involves a number of experienced executives and subject matter experts tasked with ensuring the financial statements are complete, accurate and provide a stakeholder with all necessary information upon which to make an informed investment decision. Additionally, these financial statements are prepared with the oversight of the Chief Financial Officer, Chief Executive Officer and the Audit Committee, ensuring that we address specific risks and meet all of the required FASB and SEC regulations.

We acknowledge that while our external auditors are not part of our oversight controls, the auditing of the financial statements are ultimately integral in the final product delivered to our stakeholders. We therefore generally support any changes to the auditor's opinion that further clarifies the auditor's responsibilities for the financial statement footnotes and the risk of material misstatement due to fraud. We believe investors would benefit from a deeper understanding of what the auditor does to further enhance the importance of the current "pass or fail" opinion. We do not believe any statement regarding the auditor's independence and tenure is warranted in the auditor's opinion to the financial statements. Such a statement does not add any value to our investors' decision making and much of this information is available in the proxy statement.

The proposal to identify and include in the auditor's opinion a discussion on critical audit matter(s) causes us a number of concerns:

- First, we encourage the Board to clarify the definition of what constitutes a critical audit matter. We believe this guidance is needed to ensure the appropriate balance between management's disclosures and those the auditors may be required to make. We believe matters routinely discussed with the board of directors and audit committee, or others in a governance role, and comprehensively disclosed in the financial statements should not require identification as a critical audit matter. While an area may require substantial audit effort or involvement of a subject matter expert, this may not give rise to a critical audit matter. We believe that clear guidance of what constitutes a critical audit matter will also avoid management and their auditors becoming overly excessive in their judgments in identifying critical audit matters, failure to include such guidance may cause inconsistencies with how management identifies its critical accounting policies. For example, we do not think the auditors should disclose a critical audit matter for each critical and significant accounting policy disclosed by the company.

- Second, the expanded disclosures may result in the auditor providing entity-specific piecemeal opinions on management's policies and the quality of those policies. For example, if the auditor were required to provide an opinion on management's specific policies, practices, and processes used to: account for significant unusual transactions; determine highly subjective significant assumptions applied in critical accounting estimates; and present financial statements and related disclosures, by communicating such information this could be interpreted as providing a piecemeal opinion on these specific areas.
- Third, we believe that some investors may misinterpret the communication of critical audit matters and the auditor's opinion on these matters as indicative of an issue with respect to the quality of the financial statements or as a qualification in the auditor's pass-fail opinion. For example, a Company may enter into a complex business acquisition that requires judgment on whether a portion of the purchase price is considered contingent consideration. Management makes a judgment based upon the facts and circumstances of the acquisition supported by in-depth research and interpretation of the relevant accounting literature. The auditors, consulting with their National Office, concur with management's judgment and as such issue an unqualified opinion on the financial statements, including the accounting for the business acquisition. Unless the disclosure within the auditor's opinion regarding the judgments reached by management and the auditor are specific and clearly note that no issues existed, this may lead an investor to interpret that an issue or problem existed when the Company completed the acquisition.
- Fourth, we believe there will be additional and, in some cases, duplicative time and expense associated with interacting with and providing information to the auditors in connection with their required assessment and reporting on critical auditing matters. Even further expense is likely to be incurred if the auditors have to document why certain matters are not critical audit matters to withstand inspection inquiries.
- Fifth, we believe that the Proposed Standard may have the unintended consequence of straining the relationship between management and the auditor. Clearly the difference in opinions on what may constitute a critical audit matter given the judgmental nature of such a determination and the extent of the disclosure will likely cause disagreements between the two parties. However, more importantly, we believe that cooperative management may be penalized for being open and transparent on the critical issues the company addresses on a quarterly and annual basis. The auditor may use this information to support a list of critical audit matters that they will in turn use to disclose in the financial statements. This may cause management to share less with the auditor at the risk of being less transparent in the financial statements so as to avoid a laundry list of critical audit matters being included in the auditor's opinion.

Likewise, we are concerned and do not support changing the auditor's responsibility for other information to "evaluate" such information versus the current requirement to "consider" the information, which may imply a detailed or higher level of comfort. We also do not support an expansion of audit procedures to include other information beyond the Management Discussion and Analysis ("MD&A") and other schedules containing financial information that is derived from or that supports the financial statements. We do not support an extension of audit procedures to other information incorporated by reference.

We encourage the PCAOB and the International Auditing and Assurance Standards Board to continue to work together to standardize, to the extent possible, the form and content of the auditor's opinion in order to increase comparability and ease of use for users who may be readers of reports subject to both sets of standards.

In summary, we are supportive of the Board's efforts to introduce alternatives to the audit reporting model that would meet the needs of the investors and be practical for management, audit committees and audit firms to adopt in a cost-effective manner. We believe that the focus should not be on providing more information to investors but improving the quality of information to investors. We believe that better information can be provided through a combination of clarifying changes to the audit report by the PCAOB coupled with targeted standard-setting by the FASB or SEC.

We appreciate the opportunity to present our views on this subject and welcome the opportunity to meet in person to review them with you. Thank you for your attention and consideration.

Best regards,

A handwritten signature in cursive script that reads "Kevin L. Cook".

Kevin L. Cook  
Senior Vice President  
Corporate Controller