

December 11, 2013

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

**File Reference:** PCAOB Rulemaking Docket Matter No. 034

Dear Members of the Board:

I appreciate the opportunity to comment on the PCAOB's proposed audit standards included in Release No. 2013-005 addressing *The auditor's report on an audit of the financial statements when the auditor expresses an unqualified opinion* (the "proposed auditor reporting standard"). I currently serve as the audit committee chair on Entergy Corporation's Board of Directors and have served on the Entergy board since 2003. I have also served on audit and other committees on the boards of other organizations. I was an audit partner with Arthur Andersen for almost 25 years until my retirement in 1998, serving as director of the firm's North American utility practice. It is from this experience and perspective that I am providing my response to the PCAOB's request for comment on its release, and these comments are solely my own and should not be ascribed to any other entity.

As has been described in some industry and firm publications, I understand that

- this proposal has been issued in response to concerns expressed in feedback from U.S. and global audit standard-setting constituents, including investor groups, that the current auditor's report contains little or no information specific to a particular audit,
- investors have also indicated that they would benefit from the auditor's unique and relevant insights, and
- the proposed changes are intended to increase the informational value, usefulness, and relevance of the auditor's report.

As an Audit Committee chair, I consider the audit process to be critical in meeting a company's objective of presenting information that is accurate, compliant and meaningful to users of financial statements. I am supportive of endeavors by the PCAOB to advance the goals of audit firms providing high quality audits and companies producing relevant and reliable financial statements. I do not agree, however, with the current proposal primarily because: (i) it results in the independent auditor becoming a primary source of a company's financial information through the audit report and (ii) the investor concerns noted above are not addressed properly through audit report disclosures.

The SEC has enacted regulations, including designation of the FASB as the organization responsible for promulgating US GAAP, defining *what* financial information needs to be

disclosed. These rules designate management as the responsible party to determine *how* to communicate this information to most accurately reflect a company's financial results and position. The role of the external auditor is to express an opinion indicating that reasonable assurance has been obtained that the financial statements prepared by management are free from material misstatement, whether due to fraud or error, and that they are fairly presented in compliance with the applicable SEC and FASB requirements in all material respects. The audit committee, comprised of a company's shareholder-elected Board of Directors, is charged with oversight of both management's financial reporting and the audit process. If management, the external auditors, and the audit committee fulfill their respective responsibilities, I believe the additional communications and requirements outlined in the proposed auditor reporting standard are unnecessary. In fact, the additional communications and requirements are likely to lead to disclosure overload and confusion regarding the roles of the various parties in the process.

Of the requirements proposed in the auditor reporting standard, I most strongly disagree with the requirement that the auditor disclose critical audit matters (CAMs) within the audit report. The proposal regarding CAMs would be detrimental to the usefulness and relevance of the audit report and, as noted above, would change the role of the auditor to one of primary responsibility for communicating a company's financial information. Further, the proposal would result in lack of consistency and comparability of auditors' reports across companies while increasing the cost of compliance. I appreciate the Board's efforts to understand and incorporate investor and user feedback related to disclosure into consideration of how to improve the audit process, but I believe that issues associated with sufficiency of disclosure are more appropriately addressed by SEC and FASB rulemaking rather than through an unprecedented expansion of the independent auditor's role and responsibilities.

For further discussion regarding objections to the proposed CAMs requirement, I refer the PCAOB to the comment letter submitted by the Edison Electric Institute ("EEI"). Entergy is a member of EEI, and its management participated in the drafting of EEI's comment letter. I concur with the views expressed therein regarding the proposed auditor reporting standard and the CAMs requirement.

I thank the Board for its effort on this important matter and for your consideration of this letter.

Sincerely,

/s/ Steven V. Wilkinson

Steven V. Wilkinson  
Chair of the Audit Committee  
Entergy Corporation