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Submitted via email to [comments@pcaobus.org](mailto:comments@pcaobus.org)  
December 10, 2013

Public Accounting Oversight Board  
Attn: 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 Auditors Responsibilities Regarding Other  
Information and Related Amendments

Dear Sir/Madam:

QUALCOMM Incorporated (Nasdaq: QCOM), a large accelerated filer, develops, designs, manufactures and markets digital communications products and services. QUALCOMM is a leading developer and supplier of integrated circuits and system software based on CDMA ("Code Division Multiple Access"), OFDMA ("Orthogonal Frequency Division Multiple Access") and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products to device and infrastructure manufacturers. QUALCOMM also grants licenses to use portions of its intellectual property portfolio. At September 29, 2013, QUALCOMM employed approximately 31,000 full-time, part-time and temporary employees and occupied over 80 facilities in the United States and over 100 facilities internationally. QUALCOMM's revenues for the fiscal year ended September 29, 2013 were \$24.9 billion, and net income attributable to QUALCOMM was \$6.9 billion.

We respectfully submit this response to the request for comments from the PCAOB on its proposed auditing standards on *The Auditor's Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Opinion* ("the Proposed Auditor's Reporting Standard") and *The Auditors Responsibilities Regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report* (the "Proposed Other Information Standard") and *Related Amendments to PCAOB Standards* (together, the "Proposed Standards"), PCAOB Rulemaking Docket Matter No. 034, dated August 13, 2013.

While we recognize that some investors and other financial statement users have expressed an interest in changing the current pass/fail model of the auditor's report such that it provides more information, we do not believe that the Proposed Standards would increase the reliability of the information that is currently provided or that the Proposed Standards would enhance the value of the auditor's report.



### Proposed Auditor's Reporting Standard

We believe it is already understood by investors and other financial statement users that certain financial statement accounts and disclosures may involve complex accounting issues and that auditing such accounts and related disclosures may pose difficulties for the auditor. We believe that requiring auditors to report on such difficulties as Critical Audit Matters ("CAM") provides little benefit to investors and other financial statement users when (i) the CAM have been appropriately addressed enabling the auditor to issue an unqualified opinion, and (ii) the Proposed Auditor's Reporting Standard retains the pass/fail model of the auditor's report, and thus, continues to require the auditor to conclude whether the financial statements as a whole are fairly presented or not. Including CAM in the auditor's report could be confusing to investors and other financial statement users and could lead them to believe that financial statements with an unqualified auditor's report that includes a certain number (and/or types) of CAM are somehow less reliable than financial statements with an auditor's report that includes fewer (or does not include such types) of CAM. Investors and other financial statement users might also place undue reliance on CAM that pertain to certain accounts and/or disclosures when considering the financial statements as a whole.

Furthermore, including CAM in the auditor's report introduces subjectivity into the auditor's report and decreases comparability between companies' auditors' reports, as auditors will apply varying judgments in deciding what CAM to include in their report. For example, the auditor of Company A may decide to include certain CAM in the audit report while the auditor of Company B decides not to include the same CAM, despite the facts and circumstances of the two companies being similar. This may be disadvantageous to Company A if investors and/or other financial statement users make certain decisions based on which CAM and/or the number of CAM included in its auditor's report. The decreased comparability that results from auditors applying such judgment is not in the interests of investors and/or other financial statement users.

We believe that it is likely that the inclusion and/or exclusion of CAM in an auditor's report will become the subject of legal actions against auditors. While we recognize that such actions will not arise as a result of including CAM in the audit reports of the vast majority of companies, even a relatively small number of legal actions (compared to the total number of audit reports issued) will increase the auditor's costs. To recuperate these costs, and/or to be compensated for the increased risk of litigation that auditors face as a result of this proposed standard, audit fees will likely increase across the board without any benefit to companies, investors and/or other financial statement users.

Lastly, auditors' inclusion of CAM may result in the auditor disclosing confidential information that is not included in the company's financial statements and notes. We believe that companies should prepare their own financial statements and notes, and that the auditor's role is to audit, not to provide additional disclosures based on their subjective determination of CAM.

For the reasons described above, we do not believe the PCAOB should require auditors to report on critical audit matters.

The following comments are in response to certain questions set forth in the Proposed Auditor's Reporting Standard.



3. *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?*

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 requirement provide useful information regarding the auditor's responsibilities to be independent? Why or why not?*

We do not believe these proposed changes provide investors or other financial statement users with any information that they do not already have available to them. In addition, such changes would likely result in standard or template information about the auditor and auditing requirements being provided and would unnecessarily lengthen the auditor's report.

Proposed Other Information Standard

Through performing an audit, the auditor obtains a general understanding of the other information the company discloses in certain documents containing audited financial statements and the related auditor's report ("Other Information"). However, auditors do not have the in-depth understanding that management has of matters that are disclosed in Other Information as auditors are not involved in the company's day-to-day operations. For example, Other Information includes risk factors and may include technical information regarding the technology used in the company's products. Auditors typically do not possess the legal, engineering and other expertise that management uses in preparing portions of Other Information. For these reasons, we do not believe that the auditor can properly evaluate everything that may be included in Other Information without performing significant additional work and adding expertise to their engagement teams.

We believe that we would need to allocate significant additional resources to support the incremental procedures that an auditor would perform under this proposed standard. Furthermore, audit fees will increase as a result of the auditor's responsibilities regarding Other Information.

For the reasons described above, we do not believe the PCAOB should require auditors to evaluate and report on Other Information as contemplated in this standard. We believe that the current PCAOB standard (AU 550) provides investors and other financial statement users with appropriate assurance that the Other Information is consistent with the financial statements.

Sincerely,

George S. Davis  
Executive Vice President and Chief Financial Officer