

May 31, 2012

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

Re: PCAOB Rulemaking Docket Matter No. 38, *Related Parties, amendments to certain PCAOB auditing standards regarding significant unusual transactions, and other amendments to PCAOB auditing standards*

Dear Office of the Secretary:

We appreciate the opportunity to respond to the Public Company Accounting Oversight Board's ("PCAOB" or "Board") Release No. 2012-001 on Related Parties, amendments to certain PCAOB auditing standards regarding significant unusual transactions, and other amendments to PCAOB auditing standards ("Release"). This letter includes our views and observations on related parties as set forth in the Release.

Related Parties

We are supportive of the Board's efforts to address audit quality related to the auditor's evaluation of a company's identification of, accounting for, and disclosure about its relationships and transactions with related parties. We agree this information is important to the preparation of informative, accurate, and independent audit reports and believe it will serve to advance the Board's goal of improving audit quality. We offer the following comments to clarify the Board's meaning and suggest some additional language to allow the continued exercise of auditor professional judgment.

Paragraph 7 of the Release provides a list of others within the company that the auditor should inquire of as to knowledge of related parties. It is noted that the list is not all inclusive, but it doesn't allow for any auditor judgment to make inquiries of such individuals "as appropriate" given specific facts and circumstances. We suggest the Board consider the addition of this language.

Paragraph 15 of the Release requires auditors to perform specific procedures "For each related party transaction or type of related party transaction..." This requirement seems to imply that all transactions must be subjected to the specific procedures. It doesn't allow for auditor judgment to determine which transactions or the extent of procedures to be applied to those transactions as

may be appropriate given specific facts and circumstances including assessed risks of material misstatement.

Paragraph 17 of the Release requires auditors to perform specific procedures if the auditor determines that a related party relationship or transaction previously undisclosed to the auditor exists. Again, these requirements do not take into account auditor judgment to determine the extent of procedures to be applied to a transaction based on materiality, significance, or the specific facts and circumstances, including assessed risks of material misstatement.

We believe auditing standards cannot contemplate all scenarios and therefore, need to provide for auditor professional judgment. In the above examples, we believe the procedures to be performed should be commensurate with assessed risks of material misstatement and should allow for auditors to use their judgment based on the specific facts and circumstances.

Paragraph 20 of the Release relates to communications with audit committees. We suggest the Board consider the deletion of the word “full” from the note as all members of an audit committee may not be present during an audit committee meeting and attendance may not be required for an audit committee to have a quorum.

Proposed Amendments to Other Auditing Standards

In the proposed amendments to Auditing Standard No. 12, under paragraphs 10 and 11, certain procedures are listed as part of obtaining an understanding of the company’s financial relationships and transactions with executive officers as well as compensation arrangements with executive officers and senior management. We suggest that the Board consider adding additional clarification that executive officers typically include those listed in filings with the Securities and Exchange Commission. We also suggest clarifying who would typically be part of senior management other than the mentioned executive officers noted.

We appreciate the opportunity to express our views for the Board’s consideration. If you have any questions or would like to discuss these matters further, please contact Steve Rafferty or Jennifer George at 417.831.7283 or by email at srafferty@bkd.com or jgeorge@bkd.com.

Sincerely,



BKD, LLP