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February 26, 2007

Attn: Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

File Number: PCAOB Rulemaking Docket No. 021
Proposed Auditing Standard – *An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements*

Dear PCAOB,

Schneider Downs thanks the PCAOB for the opportunity to comment on the proposed auditing standard *An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements*. We respectfully acknowledge the PCAOB's proactive efforts in addressing many of the concerns raised by both business and the accounting profession since the implementation of the Sarbanes-Oxley Act. The proposed standard provides significantly clearer guidance regarding the expectations placed on management and the external audit profession. We found that many ambiguities of the existing rule that were cause for debate and interpretation have been addressed, if not eliminated. The intent of the revised standard is welcomed in both the business and accounting communities.

In review of the proposed standard, we put forth the following observations for your consideration, which we believe will further clarify areas where greater definitive guidance would be beneficial.

When assessing the proposed standard, two points where greater clarification/insight would be welcomed:

1. With respect to section – **B. Eliminating Unnecessary Procedures, 4. Removing Barriers to Using the Work of Others** page 24 makes the following statement – “In addition, the proposed standard would remind the auditor that the responsibility to report on the financial statements or management’s assessment of internal controls rests solely with the auditor and that the auditor must obtain sufficient competent evidence to support this or her opinion.” However, the proposal makes direct reference in section – **B. Eliminating Unnecessary Procedures, 1. Removing the Requirement to Evaluate Management’s Process** page 14

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that the auditor can perform an effective audit of internal control without conducting an evaluation of the adequacy of management's evaluation process, effectively removing the evaluation requirement. We believe that section 4 needs to be amended.

2. Regarding restatement resulting in a material weakness, a point that has not been explicitly covered is in situations where a company places reliance on the opinion/guidance provided by a recognized third party specialist/expert. Having done proper due diligence in selection of the third party and not having the internal expertise to conclude on a matter without third party assistance, it would appear reasonable and prudent to follow the guidance provided. However, if a company experiences a restatement under these conditions, in such a situation, where appropriate evidence of due diligence in selecting the third party specialist/expert is available, a company would appear to have proper internal controls over financial reporting and the resulting restatement would not appear to be representative of a failed internal control(s) resulting in a material weakness. Guidance on this matter in the proposed auditing standard would be welcomed.

We thank you for considering these observations.

Sincerely,

A handwritten signature in cursive script that reads "Schneider Downs & Co., Inc.".

Schneider Downs & Co., Inc.