

Yellow Corporation

November 21, 2003

PCAOB
1666 K Street, N.W.
Washington, DC 20006

To Whom It May Concern:

After 45 days of reading and trying to determine how the proposed Auditing Standard will be implemented; I believe the standard needs to be more flexible. The concern is that more testing or evidence gathering may be performed than the independent auditor, the Audit Committee or company management determines is necessary. Performing testing or obtaining evidence only to meet a PCAOB requirement is something we should all try to avoid. The watch word should be "One size does not fit all". Broad guidelines are needed, and make us work out the detail process even as we ask for more guidance.

I will go into more detail using question eleven but the same holds true for walkthroughs, reliance on who did the work or when the work was done. Audit Committees have been significantly upgraded. If there is a difference of opinion between the independent auditor and the company the Audit Committee should have the responsibility to resolve the difference.

Question Eleven:

Is it appropriate to require the auditor to obtain evidence of the effectiveness of controls for all relevant assertions for all significant accounts and disclosures every year or may the auditor use some of the audit evidence obtained in previous years to support his or her current opinion on management's assessment?

The independent auditor should have the flexibility to rely on his or her judgment as to when previous years can be used to support a current opinion. There are high volume routine transactions that are significant to the financial statements but the process does not change from year to year. An example may be accounts payable, fixed assets, cash application and payroll. These areas are significant but may not change from year to year. These are also areas where period to period and year to year comparisons are made to monitor budgets and business forecasts. When to test the application or how and if to gather evidence should be left to the judgment of the auditor based on pervasive controls, the extent of the monitoring and other factors she or he may want to consider.

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It is highly unlikely that a material misstatement will be found testing high volume routine transactions. These are computer applications and if one is wrong they are all wrong and that will be noticed.

As you are aware, material misstatements are more likely to occur in judgment areas like reserves and accruals and that is where the testing is needed each year.

It is very likely that there will be situations where the auditor can and should rely on evidence obtained in previous years to support his or her current opinion and they should have the flexibility to do that.

Question Twenty-three:

Will auditors be able to effectively carry out their responsibility to evaluate the effectiveness of the audit committee's oversight?

No. You should get agreement on this question from the independent auditor, the company and the audit committee. The independent auditor is not present at the Board meetings or in the private meetings with management and that is where the effectiveness is determined. The auditor can determine the qualifications of the members but not their effectiveness. There is also the conflict of working for the committee and then evaluating their effectiveness.

The effectiveness of the audit committee is a Board matter.

Sincerely,

Gary Mielke
Director Audit