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Via e-mail: [comments@pcaobus.org](mailto:comments@pcaobus.org)

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

Re: PCAOB Rulemaking Docket Matter No. 40  
Proposed Framework for Reorganization of PCAOB Auditing Standards

The Accounting Principles and Auditing Standards Committee (the "Committee") of the California Society of Certified Public Accountants ("CalCPA") respectfully submits its comments on the referenced proposal. The AP&AS Committee is the senior technical committee of CALCPA. CALCPA has approximately 40,000 members. The Committee is comprised of 53 members, of whom 47 percent are from local or regional firms, 27 percent are from large multi-office firms, 12 percent are sole practitioners in public practice, 10 percent are in academia and 4 percent are in international firms.

Prior to responding to the specific questions set forth in the proposal, the Committee wishes to express its overall view the PCAOB has failed to establish a compelling rationale to adopt a framework for restructuring the PCAOB auditing standards along a model which deviates from the clarified ASB audit standards or those of the IAASB. In a vacuum, the PCAOB's framework has merit; however, any benefits gained from that framework's adoption are lost when one considers that registered public accounting firms in the United States, and licensed auditors throughout the world, will be applying a completely different framework in their core audit practices.

The Committee's responses are set forth below.

**1. Is the proposed framework for reorganizing PCAOB auditing standards appropriate and an improvement over the existing structure of the PCAOB auditing standards? Are there ways to improve the proposed reorganization framework?**

The Committee believes the current PCAOB auditing standards, consisting of the remaining interim auditing standards and the sixteen new auditing standards, ought to be restructured along the lines of the ASB's clarified auditing standards.

**2. Would the proposed reorganization described in this release help users navigate the standards more easily, help avoid potential confusion between the Board's standards and the standards of the ASB, and provide a structure for updating PCAOB standards in the future? Are there other potential benefits the Board should be aware of in considering its proposed reorganization?**

The Committee believes the proposed framework will create, rather than help avoid, confusion between the two sets of auditing standards. While the Committee acknowledges the underlying differences in purpose between the PCAOB auditing standards and those of the ASB; nevertheless, those differences can be highlighted by the PCAOB had it chosen to reorganize their standards along the lines of the ASB clarified auditing standards.

**3. Are the categories and subcategories of auditing standards in the proposed reorganization framework appropriate and an improvement over the existing organizational structure of PCAOB auditing standards?**

Please refer to our overall comment above.

**4. Is it appropriate to rescind the auditing standards and related auditing interpretations discussed in Section III.A of this release as part of the proposed reorganization? Are any of those standards or auditing interpretations still necessary to fully describe the auditor's responsibilities for audits under PCAOB standards? Are there other standards or auditing interpretations that should be rescinded?**

The Committee concurs with the PCAOB's plan to rescind the specified obsolete standards and related auditing interpretations.

**5. Would the framework for reorganizing PCAOB auditing standards have any consequences that are not addressed in this release? If so, what are those consequences?**

The Committee believes that adopting the proposed framework will solidify the widely held view that the SEC and the PCAOB have little, if any real interest in globalizing professional standards.

**6. Are there other costs besides those discussed in this release that the Board should consider? Would initial costs be offset over time, as discussed in this release?**

The costs to registered public accounting firms of maintaining separate audit methodologies, practices and procedures and training personnel in PCAOB-specific auditing standards will be a significant ongoing cost under the proposed framework.

**7. Are there any considerations relating to efficiency, competition, and capital formation with respect to audits of EGCs that the Board should take into account in considering the proposed reorganization?**

There are likely higher operating costs of registered public accounting firms in maintaining separate audit processes and training personnel in PCAOB-specific auditing standards that will be passed along to all public clients, including EGCs.

**8. Are there costs or other considerations relating to audits of EGCs that the Board should be aware of in considering its proposed reorganization?**

None that the Committee is aware of.

**9. Does the proposed reorganization raise issues specific to audits of brokers and dealers that the Board should consider?**

None that the Committee is aware of.

**10. Should the Board limit the scope of the auditing standards reorganization to reordering and renumbering standards in their entirety and related changes as discussed in this release? If not, why not? Are there other related technical changes to the wording or organization of individual standards that should be considered, either as part of the proposed reorganization or a subsequent project, such as eliminating references to generally accepted auditing standards or outdated references to accounting standards?**

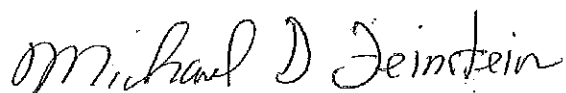
The Committee suggests the Board limit its current scope to the planned reorganization, and separately consider any substantive content changes.

**11. What factors should the Board consider in determining the effective date of the auditing standards reorganization?**

The Committee suggests that the effective date of the auditing standards reorganization, if approved in calendar 2013, be effective for audits of financial statements for years beginning AFTER December 31, 2013, to provide sufficient time for implementation by registered public accounting firms.

The Committee would be glad to discuss its comments further should the Board have any questions or require additional information.

Very truly yours,



Michael D. Feinstein, Chair  
Accounting Principles and Auditing Standards Committee  
California Society of Certified Public Accountants