



May 24, 2013

Public Company Accounting Oversight Board
Attention: Office of the Secretary
Rulemaking Docket Matter No. 40
1666 K Street, N.W. Washington, D.C.
20006-2803
Via email to: comments@pcaobus.org

Dear Ms. Brown:

The Accounting Principles and Auditing Standards Committee ("we" or the "Committee") of the Florida Institute of Certified Public Accountants (the "FICPA") appreciates the opportunity to read and respond to the Public Company Oversight Board (the "PCAOB" or the "Board") Release No. 2013-002 *Proposed Framework for Reorganization of PCAOB Auditing Standards* issued March 26, 2013 (the "proposed standard"). The Committee has reviewed and discussed the proposed standard, including the questions outlined in the Section VII Questions and has the following individual and aggregate response.

Response

We would first like to express our gratitude to the Board for its request for comments on the proposed standard and to communicate our respect to the Board for its recurring theme throughout both the proposed standard as well as the related statements by the Board members for a collaborative effort with respect to the framework for the auditing standards for issuers.

Similarly, we reiterate our support to the PCAOB and continuing belief that the PCAOB has been appropriately tasked through the initial Sarbanes-Oxley Act of 2002 and affirmation in 2004 by the Auditing Standards Board of the Accounting Institute of Certified Public Accountants (the "ASB" and "AICPA" respectively) with the responsibility to promulgate auditing and related attestation standards, quality control, ethics, independence and other standards relating to the preparation and issuance of audit reports for issuers.

As we have reviewed and deliberated upon the proposed standard, we fully agree with the Board's overarching goals as described in the proposed standard to "enhance the usability of the Board's auditing standards" and as aptly expressed by Board Member Mr. Lewis H. Ferguson in his comments that "the long term goal should be for us to have well-organized standards that are also readily searchable through the software tools available to practitioners, so that they can easily navigate the standards in ways that take advantage of modern practices and resources."

We also agree with the Board's emphasis on appropriately contemplating the potential incremental costs to its constituents as expressed within the proposed standard as well as by each member of the Board.

As we deliberated upon the proposed standard and impact on the constituents, our emphasis was also on the potential costs and benefits, and found several of the comments by the Board members very relevant. As highlighted by Board Chairman Mr. James R. Doty this is the first step with respect to the framework for auditing standards for issuers and as noted by Board Member Mr. Jay D. Henson that "this project does not involve redrafting the auditing standards or making substantive changes to any audit requirements" and that "many of the interim standards, in particular, merit close review and potential amendment by the Board, both to improve audit quality and to reflect current practice."

As the proposed standard does not modify the existing standards, as additional clarifications will be needed as noted by the Board and as the existing framework has been in place and understood by the constituency since the formation of the PCAOB, we would encourage the Board to further deliberate the proposed standard in contemplation of the response contained herein as well as those of others.

We strongly believe that the United States via the ASB in coordination with the PCAOB since its inception has developed the most relevant and reliable auditing standards in the world and want to emphasize the need for continued focus on such relevance.

In addition, we agree with the additional complexities and nuances that occur with respect to auditing standards of issuers versus non-issuers and applicable standard setting by the PCAOB for issuers and ASB for non-issuers. However, we would like to highlight our focus during deliberations on the reluctance to create divergence in the area of generally accepted auditing standards and belief that foundationally there is a set of auditing standards applicable to both issuers and non-issuers.

Alternative framework

As such, we propose an alternative standards with a more consistent framework for auditing standards which would consist of PCAOB concurrent adoption of all future ASB auditing standards and would also include an immediate adoption of all previously issued ASB auditing standards. Such adoption would then continue to allow for and promote the PCAOB's clarification and amendment to auditing standards to provide additional guidance with respect to issuers but would not create a separate set of auditing standards for issuers as adopted by the PCAOB potentially diverging from the auditing standards for non-issuers as adopted by the ASB.

In other words, PCAOB auditing standards would consist of a foundation of auditing standards as issued by the ASB, updated upon adoption of new standards by the ASB and further amended by amendments to those ASB standards as deemed necessary by the PCAOB. Such a proposal would allow the Board to focus its resources and efforts on necessary amendments to auditing standards as applicable to issuers rather than devoting such resources and efforts on maintaining an entire set of separate auditing standards. Practitioners serving both issuers and non-issuers would also benefit by dedicating their resources to the application of key incremental amendments by the Board rather than changes to and within an entire set of separate PCAOB auditing standards. We believe in combination, these benefits to the Board as well as practitioners would help achieve the Board's goals within the proposed standard of enhancing the usability of the Board's auditing standards as well its overarching goals to improve audit quality.

Our deliberation included consideration of the importance of the PCAOB and need for adequate PCAOB involvement with potential future auditing standards and would propose that to ensure appropriate deliberation and representation of both the PCAOB and ASB for all previous and future proposed and adopted auditing standards, we would also promote consideration of amendments to the membership guidelines of both the PCAOB and the ASB to more explicitly require the cross-collaborative involvement. As aforementioned by Board Member Mr. Jay D. Henson, many of the auditing standards continue to be in review by the Board and as such we encourage collaboration between the PCAOB, ASB and its constituents to continue to achieve the highest standard of auditing standards.

Our response is focused on the details above, however, in the spirit of the request by the Board, we would also like to include responses to the questions below.

1) Response to Question 1

We encourage the Board to further deliberate the proposed reorganization and do not believe the proposed framework is an improvement over the existing structure of the PCAOB auditing standards. Please see our Alternative Framework detailed within our response above.

2) Response to Question 2

We encourage the Board to further deliberate the proposed reorganization and are not certain that the proposed reorganization will 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. Please see our Alternative Framework detailed within our response above.

3) Response to Question 3

We believe the Board's categories and subcategories of auditing standards in the proposed reorganization framework are an improvement over the existing organization structure as noted by Board Member Mr. Jay D. Henson as organizing the auditing standards into "topic areas, generally following the flow of a typical audit," though we believe any such recategorization should occur in concert and collaboration with the ASB as noted in our Alternative Framework detailed within our response above.

4) Response to Question 4

We encourage the Board to further deliberate the proposed reorganization and do not believe the proposed framework and rescinding of certain auditing standards is an improvement over the existing structure of the PCAOB auditing standards. Please see our Alternative Framework detailed within our response above.

5) Response to Question 5

We encourage the Board to further deliberate the proposed reorganization and do not believe the proposed framework is an improvement over the existing structure of the PCAOB auditing standards. Please see our Alternative Framework detailed within our response above.

6) Response to Question 6

We encourage the Board to further deliberate the proposed reorganization and do not believe the proposed framework is an improvement over the existing structure of the PCAOB auditing standards. We believe the proposed amendment by creating two separate sets of auditing standards for practitioners of issuers and non-issuers would potentially create an undue burden and ongoing incremental costs for practitioners as this would require frequent updates to internal documentation and continuous education to understand both parallel sets of auditing standards which we would expect would often times have limited nuances with respect to issuers and non-issuers. As such, this would divert resources and efforts to areas we do not believe would enhance audit quality nor assist in achieving Board Chairman Mr. James R. Doty's goals to have "more auditors find it easier to read the PCAOB standards and to consult them more frequently." Please see our Alternative Framework detailed within our response above.

7) Response to Question 7

We believe the aforementioned response applies to all companies including EGCs and have no specific additional comments as it relates to EGCs.

8) Response to Question 8

We believe the aforementioned response applies to all companies including EGCs and have no specific additional comments as it relates to EGCs.

9) Response to Question 9

We believe the aforementioned response applies to all companies including brokers and dealers and have no specific additional comments as it relates to brokers and dealers.

10) Response to Question 10

We encourage the Board to further deliberate the proposed reorganization and do not believe the proposed framework is an improvement over the existing structure of the PCAOB auditing standards. Please see our Alternative Framework detailed within our response above.

11) Response to Question 11

We have no specific comment as to the effective date though as noted in the aforementioned response we support the efforts of the PCAOB to enhance the usability of the Board's auditing standards. Please see our Alternative Framework detailed within our response above.

The Committee appreciates this opportunity to respond to this proposed standard and members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steven Morrison, CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

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