

May 28, 2013



Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Via e-mail: comments@pcaobus.org

Re: Request for Public Comment: *Proposed Framework for Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules*, PCAOB Rulemaking Docket Matter No. 40

Dear Office of the Secretary:

We appreciate the opportunity to share our views on the Public Company Accounting Oversight Board's (PCAOB or the Board) *Proposed Framework for Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Auditing Standards and Rules* (the Proposal).

Founded in 1913, Moss Adams LLP is the largest accounting and auditing firm headquartered in the Western United States, with a staff of over 2,000, including more than 260 partners. The firm serves middle-market issuers in diverse industries.

We are supportive of the Board's objective to improve the usefulness of PCAOB standards by proposing a framework with logical topics, and we look forward to the next phase of the Board's project with respect to the reorganization. We welcome the Board's intent to rescind unnecessary guidance in the interim standards, though we disagree with two of the proposed rescissions. Our more detailed comments on both topics, along with our initial views on the potential implementation of the proposed framework, are as follows:

Proposed Framework and Reorganization

The Board's proposal to reorganize auditing standards in a topical structure is an improvement to the Board's current structure. The Board's proposed structure of presenting the standards in the flow of an audit is a logical organization. However, we observe that certain elements of the standards in many of the topical areas, such as audit committee communications, should be applied at various stages during an audit. We suggest the Board emphasize this point in the next stage of this project.

In considering how to reorganize the standards, the Board had a number of potential options, including retaining the existing structure of the auditing standards, adopting the structure of the International Auditing and Assurance Standards Board (IAASB) and the AICPA Auditing Standards Board (ASB), or to create its own structure, as the Board decided to do. We acknowledge the Board's rationale for not adopting the structure of the IAASB's and ASB's auditing standards. We also observe that as its standards continue to expand and

evolve, the Board may undertake a true codification as a longer term project. We encourage the Board to consider the benefits to audit quality of more closely aligning its standards with those of the IAASB and ASB as part of any codification project that is undertaken.

Rescissions

We disagree with the Board's proposal to rescind AU 532, *Restricting an Auditor's Report*. While we acknowledge that most audits performed under PCAOB standards are conducted for public companies and do not contain restricted reports, there may be situations where it is appropriate to restrict the auditor's report. In addition, AU 532 is the basis for an auditor's restriction of other communications, such as those with audit committees. We also observe the Board's comment in the Proposal that the rescissions are not designed to change practice; we believe rescinding AU 532 would result in a change in practice. Finally, although the auditors of brokers and dealers are not yet required to apply the Board's standards in their audits, the rescission of AU 532 would appear to limit an auditor's ability to restrict other reports required to be completed by the auditor under existing regulations of the Securities and Exchange Commission (SEC).

We recommend the Board clarify its intent with respect to interpretive audit literature, including the AICPA's Audit and Accounting Guides (the Guides), which are widely used to audit companies in certain industries. Our experience is that practice has evolved to use the current version of the applicable Guides and not the version effective upon the Board's adoption of the interim auditing standards. The Board should reconsider its proposal to rescind all of AU 150, *Generally Accepted Auditing Standards*. Specifically, the Board should retain at least the guidance in AU 150.05, which would maintain the existing status quo, and also consider retaining AU 150.06 through AU 150.08. We believe the Guides and other interpretive audit literature benefit audit quality by providing industry specific and other guidance that is helpful in the design and execution of an audit. We suggest the Board modify its proposal to retain the references to these materials in its standards. We also believe further clarification of the Board's use of interpretive auditing literature is appropriate.

Implementation

The proposed changes will require significant updating of our audit tools and manuals as well as training of our personnel. We request the Board establish a single date of effectiveness of at least 12 months from the date of the SEC's approval of the final framework. We believe a point in time transition is more efficient than a staggered transition period with multiple effective dates.

We appreciate the effort and time the Board and its staff have devoted to the Proposal and we appreciate the opportunity to comment on the Proposal. Please direct any questions to Fred Frank or John Donohue in our Professional Practice Group at 206-302-6800.

Very truly yours,

Moss Adams LLP