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## PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

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## STANDING ADVISORY GROUP

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## MEETING

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THURSDAY  
NOVEMBER 29, 2018

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The Standing Advisory Group met in the Grand Ballroom at the Washington Plaza Hotel, located at 10 Thomas Circle, NW, Washington, D.C., at 9:30 a.m., William D. Duhnke III, Chairman, presiding.

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MS. VANICH: Okay, great. Thank you. Next up is  
7 just a brief introduction on the topic for this  
8 afternoon's breakout session, which is governance and  
9 leadership in firm quality control systems. And Keith  
10 will make some brief introductory remarks.

11 MR. SANTAY: Thanks, Barb. Good morning,  
12 everyone. As Barb mentioned, my objective this morning  
13 is just to give you very quickly a bit of background  
14 about this afternoon's breakout sessions on governance  
15 and leadership in audit firm systems of quality control.  
16 Firm governance and leadership is the term we're  
17 using today to encompass such aspects of the firm quality  
18 control system as firm culture, organization, assignment  
19 of authorities and responsibilities within the firm and  
20 incentive systems. I think many here would agree that  
21 these concepts are important to an effective quality  
22 control system in turn to audit quality. Analogous

1 concepts can be found in COSOs internal control framework  
2 in the control environment. As well as audit quality  
3 frameworks and firm governance codes published by various  
4 organizations around the world. Despite its importance  
5 however, existing PCAOB standards say little directly  
6 about firm governance and leadership.

7 So we're looking for your advice on the extent to  
8 which PCAOB standards should address firm governance and  
9 leadership. And as part of that, we've developed a set  
10 of five questions to aid in the discussion. The first  
11 question simply deals with the scope of the discussion  
12 of firm governance and leadership in the standards. Or  
13 said differently, what are the key aspects of firm  
14 governance and leadership that we should be thinking  
15 about as we are reviewing our quality control standards?  
16 The second question deals with the balance  
17 between principles and detailed requirements in this  
18 area. It seems logical to have a principles-based  
19 approach to quality control standards. But is there also  
20 a need for some specific requirements so that we can  
21 provide adequate direction to all registered firms?  
22 Approaches that combine principles and specific direction

1 can be found in the firm governance codes, the COSO  
2 framework, using principles and points of focus. We'd  
3 like your advice on how we might appropriately balance  
4 the idea of principles and specific direction.

5 The third question deals with application to  
6 small firms. Clearly small firms are organized and  
7 operate different from the largest firms. And we'd like  
8 your advice on the extent which the standards should  
9 differentiate between governance and leadership for small  
10 firms versus large firms.

11 The fourth question relates to requirements  
12 regarding firm leadership positions. For example, should  
13 a quality control standard address the qualifications and  
14 responsibilities of individuals in leadership positions?  
15 And if so, to what extent should we be doing that?

16 And the last question drills down a little bit  
17 into a particular aspect of firm governance and  
18 leadership that is incentive systems. We understand that  
19 like many organizations, audit firms use incentive  
20 systems to drive individual performance, including  
21 adherence to professional standards, regulatory  
22 requirements, and firm policies and procedures. And we'd



1 like your advice on what our quality control standards  
2 should say about this.

3 In closing, the SAG has a wealth of knowledge and  
4 experience relevant to this topic I believe, whether it's  
5 in audit practice specifically, corporate governance,  
6 quality control or internal control. So I look forward  
7 to our breakout discussions and the reports back this  
8 afternoon.

9 MS. VANICH: Okay. Thanks, Keith. We're going  
10 to be very generous and give you another 11 minutes for  
11 lunch. So at 12:30, you should go to your assigned  
12 breakout room. You have a colored dot on your tab that  
13 corresponds with your breakout room. As a reminder, the  
14 breakout sessions are not open to the public. The  
15 breakout sessions will run until 2:00 p.m. after which  
16 we'll have a brief break. We'll return to this room at  
17 2:15 p.m., which is when the public session of the  
18 meeting resumes. So then we'll come back and do our  
19 report backs. And again, thanks for your time this  
20 morning.

21 (Whereupon, the above-entitled matter went off  
22 the record at 11:19 a.m. and resumed at 2:17 p.m.)

1 MS. VANICH: Okay, well let's go ahead and get  
2 started. The way we thought we would handle this  
3 afternoon is that our breakout room moderators, they'll  
4 go ahead and give a report back of the discussion in  
5 their group, starting with their focused question. But  
6 if you want to raise a point, please as usual, turn your  
7 tent card up.

8 MR. WILSON: Thank you. So our first focus  
9 question was -- oh, we were responsible for Question 1.  
10 And had a very lively discussion with our group. A lot  
11 of interest in all the topics. And we ended up -- even  
12 though we started with Question 1, it wandered into some  
13 of the other pieces. But some of the key takeaways. I  
14 think there was broad agreement that the quality control  
15 standards should in some way address firm governance and  
16 leadership.

17 There is of course the question about how it does  
18 that. And I think there was agreement that it largely  
19 needs to rest on principles. But it was important to  
20 address those. It was important to address all four of  
21 the aspects that we talked about earlier this morning;  
22 the culture, organization, assignment of authorities and

1 responsibilities, and accountability incentives. All of  
2 those are important things to address and think about.  
3 There was a lot of discussion in our group about  
4 the importance and the linkage between firm culture and  
5 firm governance. And how all those were important. A  
6 lot of discussion about the importance of establishing  
7 clear expectations that cascade throughout the firm.  
8 That there should be accountability. Leadership should  
9 be accountable. And should have -- there should be clear  
10 authoritative support for all those in leadership and  
11 their responsibilities.

12 A couple of other things that were mentioned. We  
13 were advised to take a look at some of the work of other  
14 regulators in this space. It was mentioned, mutual fund  
15 regulation. As well as some of the work of some of the  
16 other audit regulators internationally. We were also --  
17 We were also encouraged to think about what kinds of  
18 things we can leverage from insights from inspections  
19 that they typically have dialogue on these topics on  
20 governance and leadership. And that could provide us  
21 some insight, especially as it relates to small firms and  
22 how they deal with issues.

1 Another key point that we should -- we talked  
2 about was those four items in governance and leadership  
3 all sound sort of like design issues. And we should make  
4 sure that we're thinking about that there will be  
5 appropriate mechanisms to monitor, to identify issues,  
6 and make sure that they are timely remediated. And that  
7 there should be policies for empowering the staff to  
8 raise issues and have a framework and a process for doing  
9 that.

10 And finally, there was some discussion about, as  
11 we think about the quality control standards in these  
12 areas, it certainly makes sense if we're thinking about  
13 principles-based standards, should they be sort of  
14 objectives or output based? And there's -- while that  
15 has a lot of appeal and it's important, we also should  
16 also think about having an appropriate balance between  
17 inputs and outputs in the process. So those were the key  
18 takeaways I think we had on Question 1.

19 MS. VANICH: Keith, if I could add, I think two  
20 unique points that our group had on Question 1. Was in  
21 addition to the four areas that are teed up in the  
22 question, that we should also not overlook transparency.

1 And that while everyone in the room agreed that culture  
2 was important, culture was viewed a little bit in a  
3 different way, that it really underlies the whole thing,  
4 so that might be more foundational, where the other  
5 aspects would be maybe more the principles.

6 MR. WILSON: Okay, good.

7 MR. DEGANO: Two other thoughts from our breakout  
8 room would be that in thinking about the culture, the  
9 standard should also emphasize talent recruiting,  
10 retention, and succession planning. And that the  
11 independence and objectivity of the audit practice is  
12 important, so there should be a lot of discussion on the  
13 structure of the firm. And how to make sure that the  
14 structure is emphasizing independence, objectivity, audit  
15 quality, and this emphasis on talent recruiting and  
16 retention.

17 So for Question 2, our breakout team had a very  
18 robust discussion. And here overall, I think the thought  
19 was that there should be a framework, which include in  
20 Question 2, as to what extent should the QC standards  
21 present governance and leadership principles as compared  
22 to detailed requirements? And I think the overarching

1 thought was it should be a framework, which includes  
2 principles and guidance. And in that framework, the  
3 focus should be based on the outcomes of the audit  
4 engagement because that's really the key for audit  
5 quality.

6 There was also a thought that there should be  
7 these principles and guidance should drive a culture of  
8 self-improvement in audit quality. There was a thought  
9 that the current standards are really compliance-based  
10 and they need to become risk-based in order to fit firms  
11 of all sizes. And COSO would be a good example of a  
12 risk-based framework that we should be thinking about.  
13 Here the thought was that in thinking about how  
14 to look at principles and requirements, firms should be  
15 doing a risk assessment regarding their culture and they  
16 should be thinking about performing some stress tests  
17 based on the risk of underlying clients. And again the  
18 structure of the firms was also considered to be very  
19 important. The structure of the firm is important for  
20 who is deciding how to drive the audit practice and audit  
21 quality there. Auditors need to know. The audit firms  
22 should be thinking about whether it's the audit side or

1 the consulting side that's driving the thoughts on audit  
2 quality and the QC systems.

3 It should also be emphasized that audits have a  
4 public interest that may not be and is not in other parts  
5 of the firm. And the need to focus on the auditors role  
6 in the public interest has to be part of the firm's  
7 culture. And it should be addressed in the QC standards.

8 There was also a discussion that the standard  
9 should have a root cause analysis to understand whether  
10 culture issues are driving problems in the audit. So for  
11 example if the -- when you do the root cause analysis,  
12 you need to get to the point of finding out is the  
13 problem because the auditors were afraid to speak up?  
14 Were they afraid to get specialists on the standard due  
15 to fee problems -- specialists on the engagement due to  
16 fee problems? Were the auditors -- did they not have a  
17 mechanism to escalate issues up? Were they concerned  
18 about trying to raise their hand and consult with the  
19 national office? All of those types of things should be  
20 addressed in the standards.

21 There was also discussion that -- in thinking  
22 about Question 2 that acceptance and retention should be

1 considered in terms of culture issues. And you know,  
2 client acceptance and retention issues, these decisions  
3 should be raised to the appropriate level at the firm.  
4 And the right information needs to be given to those  
5 people to make those decisions. And that's part of a  
6 culture aspect.

7 Tone at the top was also discussed and it was  
8 considered the tone of the top is important but we should  
9 also be thinking about the tone at the middle at the  
10 middle and the tone at the bottom. There was also a  
11 discussion that in thinking about governance and  
12 leadership principles, that the PCAOB should also be  
13 thinking about the ACAP recommendations from several  
14 years ago. In particular, the recommendations regarding  
15 having an independent board and providing the firms  
16 financials. And as part of that, there was a thought  
17 that perhaps the PCAOB should consider having a round  
18 table of independent non-executives who are on the firm's  
19 independent boards now. To have them help identify what  
20 some of the best practice is out there, so they can  
21 share.

22 Another point that was raised here was that



1 culture isn't in isolation. It needs to be tied to all  
2 of the other elements of the QC system. And this  
3 interrelated nature between all of the elements of the  
4 QC system needs to be emphasized in the standards. There  
5 was also a thought here for recommendations on things the  
6 PCAOB can do more generally outside of the standards.  
7 And one was that they can consider lessons from other  
8 industries.

9 In particular it was mentioned that, you know, in  
10 the banking industry, regulators often identify leading  
11 practices and they share them across the companies. And  
12 then they urge companies to move up towards those leading  
13 practices and to drive change that way. And echoing  
14 something from the earlier discussion today, the thought  
15 that communications such as Dear CFO letters have been  
16 very successful in driving improvement out there. And  
17 that's something that the PCAOB should be considering  
18 here as well. That's it for Question 2.

19 MR. WILSON: A couple of things I would add to  
20 that. We also talked about the importance of having a  
21 risk assessment component. And especially particularly  
22 having a risk assessment that is done periodically and

1 with changes in circumstances. So that one makes sure  
2 that the policies and procedures and processes of the  
3 firm continue to be relevant. And on the subject of  
4 requirements and principles, one other thing that came  
5 up within our group, especially as it related to small  
6 firms was particularly the need for guidance. Maybe more  
7 examples so that they would understand what good looks  
8 like.

9 MS. VANICH: That's a good segue into Question 3,  
10 which was should there be a difference between the  
11 requirements for large and small firms with respect to  
12 governance and leadership? And if so, how should they  
13 differ? Our room basically said as long as the standard  
14 would be principles-based, the same principles should be  
15 applied. That simpler would be better. Similar to what  
16 Keith just said, it would be helpful to have application  
17 guidance on how it would work for larger firms and how  
18 it would work for smaller firms. It was also noted that,  
19 that's certainly an opportunity for the profession to  
20 disseminate some of that kind of information.  
21 One difference that we talked about for small  
22 firms or large firms is maybe the extent of transparency

1 reporting. We were told to be cautious in what we would  
2 maybe potentially exempt small firms from because they  
3 can still have higher risk clients. They can also have  
4 bad audits. The principles and the standards should be  
5 linked to the objectives the QC system is intended to  
6 accomplish. That's really a one size fits all. Then  
7 outcomes-based designed to meet the objective. But then  
8 small firms could meet those objectives in a different  
9 way than large firms can.

10 We also had a comment in the room that the COSO  
11 concepts seem to work very well. They are very  
12 applicable to running an accounting firm. And they would  
13 work -- it's proven that they would work for larger and  
14 smaller firms. We were also told not to leave too much  
15 to interpretation. And that maybe to consider  
16 emphasizing that smaller firms can always avail  
17 themselves of external resources to meet some of the  
18 objectives.

19 MR. WILSON: I would just say we had some good  
20 discussion about the small firm issues too. And I think  
21 the feeling was that for -- if you have a firm that's  
22 going to be auditing and doing work in the public

1 interest, that they needed to be held to at least overall  
2 the same -- achieving the same principle-based standards.  
3 There may be more flexibility in terms of how they get  
4 there. It was pointed out for example that the Federal  
5 Sentencing Guidelines are set up. And they apply to one  
6 person, organizations -- to very, very large  
7 organizations. And you can build flexibility in how you  
8 achieve those. But they need to be held to the same high  
9 standard regardless of size.

10 MR. DEGANO: Another point related to Question 3  
11 that was raised in our room was that the PCAOB needs to  
12 think about the challenges from auditors. Large audits  
13 have international auditors -- international firms  
14 working on them. Because in different countries,  
15 cultural norms may differ. And the further the  
16 participating firms are from working with the national  
17 office, the U.S. firm, they may feel that they have more  
18 flexibility. So that's something to think about in  
19 working through the QC standards. And there was also a  
20 thought that this is an area where the PCAOB can provide  
21 leadership and perhaps working with IFIAR is one way to  
22 do that.

1 MS. FUNARI: Okay, my group had Question 4 about  
2 the qualifications and responsibilities for leadership  
3 positions. Our discussion kicked off with kind of a  
4 report back that the IAASB is working on new quality  
5 control standards. And they are very principles-based  
6 with the foundation in COSO. And it seems like from  
7 everyone here, there was a pretty broad agreement that,  
8 that's the framework that would be useful for us to  
9 considering using.

10 And we talked about the importance of clarifying  
11 the roles and responsibilities, especially as it relates  
12 to different positions in the firms. And being very  
13 clear about job descriptions. And we had a good  
14 discussion about accountability, the need for monitoring,  
15 the need for consequences for poor quality. But also you  
16 know, carrot and stick, the need for rewards for positive  
17 quality.

18 We did have a very interesting discussion about  
19 certification and certifying the QC system, sort of as  
20 it's done for financial preparers, stakeholders and CFOs.  
21 But it was interesting. So the discussion very much  
22 started out with like yes, that seems like a good idea.

1 And then as we sort of delved into it, we started to  
2 realize that implementing that is a little more tricky  
3 than it sounds on the face of it in terms of who would  
4 sign, how they would sign, how people down the level  
5 would sign, when they would sign, what --  
6 You know, as a QC system is not -- you know, it's  
7 ongoing so there isn't a great point in time maybe that  
8 you would pick. So it was really interesting that, you  
9 know, we started with a yes, that sounds like a great  
10 idea. But then as we started to dive into it, it became  
11 a little bit more complex. So something for us to really  
12 keep an eye on and think through a little bit more. From  
13 sort of the general discussion as we moved into that, we  
14 also talked about culture. The importance of things like  
15 employee engagement surveys, like really hearing about  
16 the culture from some of the lower level people.  
17 But sort of the end of our discussion really  
18 focused around just the challenge of audit quality. How  
19 difficult it is to define and in particular, how  
20 difficult it is to see. And how from the preparer  
21 community, the audit community, from the PCAOB, from  
22 audit committees, like how do we bring out information

1 about audit quality and what the firms are doing to all  
2 of the audiences? And really start to be able to have  
3 a window into how audits are being performed for all of  
4 the different stakeholders.

5 MS. VANICH: I'll add just one comment to that  
6 because we also talked a little bit about how you could  
7 analogize certification of a QC system to certification  
8 of data financial reporting system. And I think Nicole  
9 raises a good point. I think we too talked about it  
10 being potentially very challenging. But maybe the  
11 important point to take away is that it's not about --  
12 it's really about holding people responsible based on  
13 their assigned responsibilities. And so maybe something  
14 more simpler that just captures that might be useful.

15 MR. WILSON: So I guess the last one was on  
16 incentive systems and what should we deal with in terms  
17 of incentive systems? And there was agreement that we  
18 should be taking on and saying something about incentive  
19 systems that they're very important related to firm  
20 culture. Emphasize that we should have clear  
21 expectations. People should be held accountable for  
22 fulfilling their responsibilities. That poor performance

1 should be considered. And there should be consequences  
2 for poor performance. That there should be a clear  
3 framework to objectively evaluate that performance.  
4 Another sort of interesting thing that came out  
5 of this was a discussion about thinking about -- when  
6 you're thinking about incentive systems, it has  
7 implications beyond just, you know, incenting individual  
8 behavior that is has. It also speaks to the tone at the  
9 top, the commitment of the firm to invest in audit and  
10 invest in audit quality. And that there's appropriate  
11 allocation of resources.

12 So that we should be thinking -- they should be  
13 thinking about when they're putting incentive systems in  
14 firm-wide that what are the implications for audit  
15 quality that would include both people from outside the  
16 line of audit that have audit roles. And then the  
17 relative importance of audit. And how auditors are  
18 evaluated and compensated versus other professions in the  
19 firm. So that was an interesting satellite for us to  
20 think about and keep in mind.

21 Finally, it was mentioned that this is also very  
22 tied to professional development and human resources and



1 we have to think about how incentives also line up with  
2 what we would say about human resources and evaluation  
3 of performance.

4 MS. VANICH: I'll add one point to that. We did  
5 get some input to be cautious and consider the overall  
6 effect on the profession. Not only on the profession  
7 itself, but the fact on audit staff. And I guess when  
8 people already raised challenges about auditing becoming  
9 less attractive than it was, just bear that in mind.

10 MR. DEGANO: I think in our room, there was also  
11 the view that incentives should be addressed by the QC  
12 standards. And just a couple of other thoughts that  
13 people had was that there needs -- audit firms need to  
14 have objectives and policies regarding their  
15 compensation. And need to have some mechanism to make  
16 sure that those objectives are being met and the policies  
17 are being followed and that it's working.

18 There was also a thought that this may be an area  
19 where the PCAOB could share best practices again across  
20 firms to help them move up to what the leading practices  
21 are in this area. And there was also the thought that  
22 there's some recommendations in the ACAP report on

1 compensation that should be thought about as well.

2 MS. FUNARI: Yes, we spent some time in my room  
3 as well talking about compensation and how, you know,  
4 specifically poor quality or honestly, good quality is  
5 rewarded at firms. And the key to honestly -- if you  
6 don't know, I'm an economist, you know. It often does  
7 come down to money as a key driver for incentives.

8 MS. VANICH: So I think it's also remarkable when  
9 we actually have relatively consistent feedback across  
10 breakout groups, which I think is good. I'll open the  
11 floor if any SAG members or board members want to raise  
12 any questions or additional comments. Megan?

13 MS. ZIETSMAN: Thanks, Barb. And thanks Nicole  
14 for highlighting the work of the IAASB in your  
15 introductory remarks. I really wanted to just take an  
16 opportunity maybe to pound the table a little bit more  
17 on that perspective. The IAASB has spent gosh, a number  
18 of years now working on a very significant overhaul of  
19 its quality control standards. In fact, we're not  
20 calling them quality management standards because we  
21 think that, that reflects a more proactive what's best  
22 approach to this whole issue. And we've obviously been

1 fortunate to have Keith be an official observer to that  
2 task force as it's made its way through the last couple  
3 of years.

4 We are expecting to approve in just a couple of  
5 weeks for exposure, a revised firm level quality  
6 management standard. And then also two other companion  
7 -- accompanying standards. One that would deal with  
8 quality management at the engagement level. And then a  
9 separate stand-alone standard that deals with engagement  
10 quality reviews. So I think it's a great opportunity for  
11 the PCAOB to learn from what the IAASB learns on  
12 exposure. And we'll see what the comments that we get.  
13 But you know, I think there's -- just looking at  
14 the stuff that was discussed and you know, interesting  
15 hearing that the feedback from the breakouts. I think  
16 it's quite hard to look at just one component without  
17 looking at the entirety of the system because the  
18 components all, you know, kind of interrelate with one  
19 another. So you know, I think this is -- this has got  
20 I think a lot of the issues that IAASB has grappled with.  
21 And I see Keith smiling because he knows that. But you  
22 know, I think that there's definitely a great opportunity

1 here to see how some of these things fly once they -- you  
2 know, once they get out there. And we start to get  
3 comment on them.

4 The last thing I would just mention, I think  
5 someone -- I can't remember who, mentioned interaction  
6 with IFIAR. So the IAASB has been engaged quite  
7 extensively with IFIAR and there's a separate standards  
8 coordination working group that we interact with fairly  
9 frequently. So they've had input and understand the  
10 direction that we're taking. But also understand that  
11 at the higher levels of IFIAR, they've already started  
12 to have conversations with the large global networks  
13 about what are the plans to get ready to implement this  
14 new standard? So, I mean, I think it's just important  
15 to stay collaborated and aligned, so that the PCAOB stays  
16 in the same direction.

17 MS. VANICH: Len Combs?

18 MR. COMBS: Yes. So Megan, I think I'm going to  
19 give you a plug there because those were two of the  
20 points I wanted to raise. I do think that, you know,  
21 when you look at the system of quality control, you need  
22 to look at it in totality. This is just an element --

1 an important element, but just an element.

2 And then the other thing to Megan's point, I just  
3 want to reiterate that obviously most of us operate in  
4 a global network of firms. And there are implications  
5 of going down different paths. So to the extent that you  
6 can leverage off, you know, the learnings of the IAASB --  
7 and Keith, I know you've been involved and so that's  
8 great. And they can leverage off your knowledge and come  
9 out with something that's similar to the extent it makes  
10 sense, I think would be helpful in the context of how we  
11 can implement it in the most effective way.

12 MS. VANICH: Elizabeth?

13 MS. MOONEY: Thank you. I would just say that,  
14 you know, I think it's really important to establish the  
15 governance -- for the PCAOB establishes governance for  
16 the profession, so it doesn't continue on the current  
17 trajectory that it's on. And you know, end up in more  
18 serious state of some sort of bad outcome. So I really  
19 am glad to see that you're looking at this. And you  
20 know, the ACAP report was mentioned a couple of times.  
21 Our chairman testified there are some great  
22 recommendations. Nothing has been done. And I think you

1 take care of that and you factor the governance into the  
2 inspection process. I think that will be really  
3 important progress.

4 And I just also want to take a moment to  
5 encourage you to continue to keep a real robust group  
6 like this, the SAG and the conversations we had earlier.  
7 And this kind of public session is, I think, really  
8 important for getting the profession and assist on the  
9 financial reporting system to the right place. And to  
10 keeping everything on track. So I just -- you know,  
11 integrity and the whole due process. So thanks for  
12 having us and the IAG and you know, whatever your other  
13 groups, I think it's just really important to continue  
14 to be focused on the markets.

15 MS. VANICH: Thank you. David?

16 MR. KANE: Thanks, Barb. Just a couple quick  
17 comments. First commend the board for this topic. I  
18 think it is really important and hopefully the beginning  
19 of some ongoing conversations. And as the staff is  
20 thinking about drafting the standard, I think trying to  
21 anchor more rather than less off of COSO 2013 would be  
22 helpful. I think it could help on a couple different

1 fronts.

2 One, the firm's already familiar with this.

3 We've been attesting to it for quite some time. I think  
4 it would also help just in terms of the structure of the  
5 standard by giving a balance of principles and points of  
6 focus. And just the different components when we started  
7 thinking about defining quality objectives and risk  
8 assessment and information, communication monitoring can  
9 all be built into each one of those respective processes  
10 that are there.

11 So for example, even just at the beginning,  
12 talking about leadership and governance, I might think  
13 about not jumping into culture immediately. But more  
14 thinking about the commitment to audit quality. And  
15 having firms define their purpose and aligning strategy  
16 to that purpose. And getting in the importance about the  
17 public interest for example. I think that could be a  
18 little bit more explicit than just talking about culture,  
19 which I think is a much broader topic and can mean a lot  
20 of different things to different people.

21 And then just the last point is just to echo what

22 Len was talking about. I can't imagine a time where

1 we've been talking more about international audit  
2 quality. And it's never been higher. I think now is the  
3 time if we really want to promote that consistency on  
4 accelerated fashion of getting more consistency, rather  
5 than less in the quality control standards. It shouldn't  
6 really be in my view, significantly different between the  
7 ISAs and the PCAOB. Of course, just recognizing  
8 different jurisdictions may have different risks. And  
9 we want to tailor those accordingly. But not creating  
10 differences for differences sake.

11 MS. VANICH: No other questions? And Bill, did  
12 you want to say something or --

13 MR. DUHNKE: Yes. Well first of all, thank you  
14 all for participating. We very much appreciate it. It  
15 will be our goal here to make sure that you have some  
16 idea as times goes by and we continue this consideration  
17 of these two topics that you have an idea of how your  
18 input is being inputted into our system. And before we  
19 break, I also want to make sure that we thank Barbara  
20 Vanich, Jessica Watts, Keith Wilson, Brian Degano, Nicole  
21 Funari, and Karen Wiedemann, I don't know if you're still  
22 here, for your hard work putting this together. It



1 didn't just happen as you all know. We really appreciate  
2 their hard work in getting it done.

3 And unless the other board members want to have  
4 anything to say, thank you all very much.

5 (Whereupon, the above-entitled matter went off  
6 the record at 2:46 pm.)