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June 7, 2024

Sent via e-mail: comments@pcaobus.org

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

Re: Proposing Release No. 2024-002: Firm and Engagement Metrics; PCAOB Rulemaking Docket Matter No. 041

Dear Office of the Secretary:

Plante & Moran, PLLC ("PM," "the Firm," or "we") appreciates the opportunity to share our views and provide input on the Public Company Accounting Oversight Board's ("PCAOB" or the "Board") Proposed Release No. 2024-002 Firm and Engagement Metrics (the "Proposal"). We are supportive of utilizing certain metrics to contribute to an overall picture of audit quality performance, and we use such measures internally for our own monitoring purposes. We are also supportive of providing decision-useful information to audit committees and other involved in the selection of auditors, with the objective of promoting audit quality as a key element in such selection. That said, there are elements of the Proposal with which we have concerns. Those concerns are described below.

Overall Comments

Support for firm metrics:

We generally support the disclosure of firm metrics, albeit with some suggested adjustments, each of which are described herein. Although it is unclear to us whether firm-level metrics are valuable to anyone other than audit committees and management of clients and potential clients, we are not opposed to the public disclosure of such firm metrics. As acknowledged in the release, many firms publicly disclose certain metrics currently, and we agree that this proposed requirement could create more consistency in the metrics disclosed by different firms. While this is the case, required metrics could potentially be misinterpreted when taken without the context that can be conveyed through direct communications with those using the information or additional narrative that can be provided in firms' published audit quality reports. We thus encourage the Board to continue to evaluate the incremental benefit to disclosing firm metrics publicly rather than limiting such disclosure to audit committees and management of clients and potential clients, and whether such incremental benefits outweigh the potential risks of misinterpretation.

Concern over engagement metrics:

We do not support the public disclosure of engagement level metrics, for three primary reasons, each further described below.

- First, the reporting of engagement-level metrics could be in tension with client confidentiality obligations imposed by the AICPA's Code of Professional Conduct. Specifically, the disclosure of engagement-level metrics risks unmasking certain confidential client information—including regarding how and when audit hours were allocated, how critical accounting areas were audited, etc.—in a manner that could be contrary to auditors' confidentiality obligations to their clients. *See, e.g.*, AICPA Code of Professional Conduct 1.700.001 ("A member in public practice shall not disclose any confidential client information without the specific consent of the client").

- Second, requiring public disclosure of certain engagement-level metrics could have competition-lessening effects. Certain information that underlies the firm- and engagement-level metrics that the Board proposes to be reported in many cases would currently be characterized as confidential business information. For example, engagement-level reporting related to the number of hours worked on an engagement per week, engagement team tenure and experience by industry, percentage of hours by specialist and by shared service center, all reflect information that would be viewed by a registered firm as confidential internal information. As a result, this proposed disclosure raises concerns under domestic and international competition laws. Although it may not be a *per se* violation of the Sherman Act,[1] courts have ruled that the sharing of confidential information by competitors may have anticompetitive effects and be considered circumstantial evidence of an illegal conspiracy.[2] In *United States v. Container Corporation of America*, for example, the Supreme Court observed that confidential information exchanges are especially problematic in industries with a small number of key market players providing a similar product, where the exchange of pricing information may lead to reduced price competition.[3] Courts have also noted that the more current and specific the information sharing, the more problematic it may be.[4]

  In recent years, the U.S. Department of Justice Antitrust Division ("Antitrust Division") and the Federal Trade Commission ("FTC") have increasingly scrutinized information-sharing practices. In 2023, the agencies withdrew prior guidance that had authorized information exchanges among competitors in the healthcare field (and whose safe harbor provisions had been understood to apply across most other industries),[5] and the Antitrust Division has brought more enforcement actions targeting information exchanges.

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[1] *See United States v. Citizens & So. Nat'l Bank*, 422 U.S. 86, 113 (1975) ("But the dissemination of price information is not itself a per se violation of the Sherman Act.").

[2] *See, e.g.*, *United States v. Container Corp. of Am.*, 393 U.S. 333, 336–37 (1969) (holding that the Government had stated a claim where it alleged that "the exchange of price information" among companies comprising 90% of the market "had an anticompetitive effect in the industry, chilling the vigor of price competition"); *Flextronics Int'l USA, Inc. v. Panasonic Holdings Corp.*, No. 22-15231, 2023 WL 4677017, at *3 (9th Cir. July 21, 2023) ("the exchange of information may be considered a plus factor that supports a finding of conspiracy");

[3] *Container Corp.*, 393 U.S. at 337 ("[T]he corrugated container industry is dominated by relatively few sellers. The product is fungible and the competition for sales is price. The demand is inelastic . . .Stabilizing prices as well as raising them is within the ban of [Section 1] of the Sherman Act.").

[4] *See Todd v. Exxon Corp.*, 275 F.3d 191, 211–13 (2d Cir. 2001).

[5] U.S. DEP'T OF JUSTICE, Justice Department Withdraws Outdated Enforcement Policy Statements (Feb. 3, 2023), https://www.justice.gov/opa/pr/justice-department-withdraws-outdated-enforcement-policy-statements; FED. TRADE COMM'N, Federal Trade Commission Withdraws Healthcare Enforcement Policy Statements (July 14, 2023), https://www.ftc.gov/system/files/ftc_gov/pdf/P859910FTCWithdrawsHealthcareEnforceStmts.pdf.

Against this backdrop, the Proposal seeks the public release of sensitive competitive information (such as how a firm staffs a particular audit relative to the fees received) in a non-anonymized form. Although the Board identifies purported procompetitive reasons to justify this reporting,[6] and a firm's disclosure of the information itself would likely be immunized by the Proposal's mandate,[7] we are skeptical of the Board's assertion about the effects of the Proposal on competition. The circulation of what otherwise would be proprietary, competitively sensitive information—especially information that has never previously been public, such as workload and staffing allocations—could lead to concerns about other firms using such information in a competition-lessening manner.[8] Particularly given the backdrop summarized above, we encourage the Board to carefully consider whether the relevant antitrust regulators would be concerned about the potential competition-lessening effects of the Proposal.

In addition, certain non-U.S. firms may need to determine whether compliance with the proposed rules presents any issues under their local legal regimes, which in some cases have competition laws that are more rigid in certain respects than U.S. law.[9]

- Finally, it will be burdensome and costly to compile the information for the required metrics for each individual engagement. To the extent we are required to prepare this information either concurrent with the issuance of the audit opinion or within a short timeframe thereafter, it could divert time and attention away from other engagement matters, thus potentially negatively impacting audit quality. By their nature, the engagement-level metrics are also not comparative, even if calculated using the same methodology over time and across issuers and audit firms. There would be no meaningful way to compare information from different issuers, different periods, and different firms. Metrics for individual engagements will be influenced by all of the factors that make issuer audits unique, including, but not limited to, degree of management's centralized versus decentralized processes and systems, extent of automated controls and types of systems that are used, number of significant unusual transactions in the audit period, impact of business or industry risks, etc. When metrics are aggregated, the variations that can occur due to different individual situations can be normalized. Therefore, we do not believe that engagement metrics are as meaningful as firm metrics.

  Additionally, if there were to be a requirement to share metrics with audit committees, this could have an effect of implying a legal duty that audit committees use this information in their selection of auditors. However, the PCAOB has no jurisdiction over audit committees. Audit committees could also identify other factors they find more meaningful, including other factors to inform their judgement about the audit firm's level of audit quality. To be most useful to audit committees, we believe it would be better

[6] *Id.* at 4–6, 23–24, 28–29.

[7] *See, e.g.*, *United States v. United States Sugar Corp.*, 73 F.4th 197, 208 (3d Cir. 2023) ("A finding of implied repeal can be justified only by a convincing showing of clear repugnancy between the antitrust laws and an alternative regulatory system" (citations omitted)).

[8] *See, e.g., In re Pork Antitrust Litig.*, 495 F. Supp. 3d 753, 766–67 (D. Minn. 2020) (denying motion to dismiss complaint alleging, among other things, that defendants used benchmarking to monitor adherence to price-fixing conspiracy).

[9] For example Brazil's Administrative Council for Economic Defense advises businesses "[n]ever [to] share confidential or competitively sensitive information or data related to the company's strategies with competitors"—taking a more absolute position than U.S. authorities. *See* Administrative Council for Economic Defense, Guidelines for Competition Compliance Programs, at 31 (Jan. 2016), https://cdn.cade.gov.br/Portal/centrais-de-conteudo/publicacoes/guias-do-cade/compliance-guidelines-final-version.pdf.

to engage in discussion with the audit committee members about what information they would find useful, rather than to prescribe a set series of metrics for disclosure.

Suggestion for pilot testing and additional guidance:

We expect that there could be significant additional questions that arise only once we proceed with implementing requirements to compile the prescribed metrics. It is unlikely that firms will be able to anticipate all of the questions, clarifications, and nuances in diverse and complex firm operations that we will need answers to in order to meet the expectations of a future adopted requirement. We strongly encourage the Board to perform pilot testing with large and small firms and develop additional guidance as needed prior to making the potential new requirements effective for all registered firms.

Support or concerns on individual metrics:

1. Partner and Manager Involvement
    a. Firm level – We are generally supportive of this metric.
    b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.
2. Workload
    a. Firm level – We are supportive in general but find the requirement to segregate engagement partners from other partners (excluding engagement partners) to be impractical to implement and not a meaningful distinction in the metric.
    b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.
3. Audit Resources
    a. Firm level – Compiling this data would be a manual process. We do not have an automated method to track this information. Because our issuer practice is relatively small, it would not be overly burdensome to compile this information manually. This may not be true for other firms with larger issuer practices. In addition, we do not consider there to be a significant correlation between these metrics and audit quality.
    b. Engagement level – We are supportive of sharing this information with audit committees to the extent they find it useful. We suggest, however, that audit committees may be more interested in simply knowing whether specialists and/or shared service centers were used and in what capacity, rather than specific metrics regarding number of hours.
4. Experience of Audit Personnel
    a. Firm level – We are supportive in general but find the requirement to segregate engagement partners from other partners (excluding engagement partners) to be impractical to implement and not a meaningful distinction in the metric. Our current systems do not track "years of experience at a public accounting firm", so there would be incremental cost associated with implementing a process to gather this data.
    b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.
5. Industry Experience of Audit Personnel

a. Firm level – The proposed metric is not practical to implement as proposed. We have multiple concerns with this metric:

    i. The proposed list of industries is inconsistent with the industries we use for classifying clients and engagements.

    ii. To be relevant for the intended purpose, we believe the requirement should only apply to industry sectors that represent more than 10% of the firm's *issuer* audit practice, as opposed to 10% of the firm's overall audit practice. As proposed, we would be required to compile data for industry sectors in which we have no issuer audits.

    iii. Our practice management system is not designed to identify individuals with greater than 250 hours in a particular industry segment. We believe that gathering this data would be extremely cumbersome and time consuming. Because our issuer practice is relatively small, if this metric were limited to only those industry sectors representing more than 10% of the issuer practice, this would likely be limited to only two industry sectors for us, and smaller group of partners and managers that we would need to manually compile this data from.

b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.

6. Retention and Tenure
    a. Firm level – We are generally supportive of this metric.

    b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.

7. Audit Hours and Risk Areas
    a. Engagement level – We are strongly opposed to any public disclosure of this information. The concerns presented above regarding confidentiality and hindrance of competition would be especially at risk with this information. We are supportive of the concept of discussing this information with audit committees but believe that a qualitative discussion would be more meaningful than calculated metrics. In addition, our time records do not track time in the level of detail specified in the Proposal. Engagement teams would need to manually track this information, which imposes incremental costs on our issuer audit practice.

8. Allocation of Audit Hours
    a. Firm level – We are generally supportive of this metric.

    b. Engagement level – We do not support public disclosure of this metric but would support communication of this metric to an issuer client's audit committee and management.

9. Quality Performance Ratings and Compensation
    a. Firm level – We do not support a quantitative metric for this.

        i. Partner compensation models can be complex and diverse between different firms and even within any single firm. Many firms, including ours, take quality into account in determining partner compensation. However, there may not be a specific quality rating or a direct one-to-one relationship between a quality rating and a compensation adjustment.

ii. Further, within a firm there may be different classes of partners that have different compensation models, which could influence an overall calculated metric.

iii. A "quality performance rating" is inherently subjective and determined entirely by each firm, thereby reducing the potential for comparability over time and across firms.

iv. We believe users of this information may be most interested to know whether or not partner compensation is affected by audit quality performance of the partner. We suggest this can be accomplished through a qualitative disclosure rather than a metric.

10. Audit Firms' Internal Monitoring
    a. Firm level – We are generally supportive of this concept, but have the following concerns:
        i. We request clarification on the scope of what should be included in internal monitoring. Specifically, we regularly perform full engagement reviews under our internal inspection program, and certainly we would understand those to be included in the number of engagements internally monitored. In addition, we may periodically perform targeted inspections, which could be limited to the use of a particular tool, application of a new requirement, a particular audit area, etc. It is unclear if these engagements should be included in the engagements internally monitored.
        ii. We believe engagement deficiency level is too low for the calculation of this metric. Users may assume that an engagement deficiency is akin to an instance where the firm did not obtain sufficient appropriate audit evidence to support its opinion, or a PCAOB Inspection Part I.A deficiency, which is not accurate. This could exacerbate the perception that there was an "audit failure" when an engagement deficiency also includes instances of non-compliance with PCOAB standards or rules that are distinct in nature from Part I.A deficiencies. We recommend a threshold similar to Part I.A deficiencies to be more appropriate for reporting the firm-level metric.
    b. Engagement level – We are strongly opposed to the public disclosure of this information. It has been the PCAOB's long-considered policy not to disclose issuer names in Part I of its inspection reports. Under the Proposal, such anonymity would disappear. We believe that to be highly problematic and contrary to the letter and the intent of the Sarbanes Oxley Act of 2002. Such disclosure could introduce unwarranted confusion, such as causing investors to conclude incorrectly that an audit deficiency means that an issuer's financial statements are not fairly stated in accordance with the applicable financial reporting framework. In addition, there could be requirements in different jurisdictions to obtain consent to disclose the results of inspections at an engagement level that could conflict with this proposed requirement.

11. Restatement History
    a. Firm level – We are generally supportive of this metric, but do not believe it should include reporting of revision restatements.

Responses to Select Questions Posed by the Board:

Q3. Are there other considerations we should be aware of that would increase or decrease comparability at the firm level? For example, would it be helpful to have subsets of information available by size of the firm or by size of the issuers the firm audits?

- For firm level metrics that reflect only data pertaining to the firm's issuer practice, it would be important to include context of the size of the issuer practice. Firms with smaller issuer practices are likely to have more variation in metrics from year to year because the impact of variations in any one engagement could have a more meaningful effect on the average.

Q4. Are there other considerations we should be aware of that would increase or decrease comparability of the engagement-level metrics? For example, would it be helpful to capture information at the engagement level by industry sector, region, whether it is a first-year audit, or other criteria?

- As described in our overall comments above, we do not believe that engagement-level metrics would be suited for comparison to those of other engagements. The factors mentioned in the question about characteristics that could create variability that would need to be explained are only scratching the surface. There are dozens of individual engagement characteristics that can affect things like the level of partner and manager involvement or the involvement of specialists, just as examples.

Q7. Should firms be permitted to provide narrative disclosure to provide context to the reported metrics? If not, why not? If yes, should narrative disclosure be allowed for all metrics or only certain ones? If limited, which ones?

- We believe context may be important to understanding all of the metrics. For this reason, we believe that discussion of metrics with audit committees would be more valuable than simply publicly reporting in a structured format. If metrics are reported publicly, allowing firms to provide narrative context would be helpful.

Q10. If the firm assigns partners, managers, and staff to specific business lines (e.g., audit, tax), should the firm-level metrics only include partners, managers, and staff of the firm's audit practice? Why or why not?

- Our firm assigns individuals to specific business lines, and collecting data based on that assigned business line would be more practical to implement versus the Proposal to include all individuals participating in audits.

Q17. Is it appropriate to include total audit hours for all issuer engagements in the firm-level metrics, as proposed? Or should the metric be limited to total audit hours for large accelerated filer and accelerated filer engagements? Why or why not?

- The Proposal would be more scalable if metrics are limited to large accelerated filer (LAF) and accelerated filer (AF) engagements. However, for firms with a small number of LAF and AF issuer engagements combined, firm metrics should not be required as there is not sufficient anonymity and metrics are less meaningful because they can be unduly influenced by a single engagement. We suggest a threshold of 25 or more LAF and AF issuer engagements combined.

Q19. Would it be helpful to separate the calculations for partner involvement and manager involvement? Why or why not?

- We are supportive of this proposed metric at the firm-level. We believe it is appropriate to include partners and managers together as proposed.

Q22. Are the proposed descriptions and calculations of the firm-level metrics and engagement-level metrics for the engagement partner workload and partner (excluding the engagement partner), manager, and staff workload clear and appropriate? If not, why not?

- We are supportive of this proposed metric at the firm-level. We suggest, however, that other partners (excluding the engagement partner) be included in the metric with engagement partners, rather than combining with managers and staff. It would be a difficult and manual process to identify and track those partners who are not serving as an engagement partner, because we do not have a separate classification (in any of our practice management, human resources, or any other firm databases) of partners that are involved in audit engagements but do not serve as engagement partner on any of those engagements. We believe this would be a similar challenge for most other firms as well. Additionally, we don't believe that the distinction is meaningful, because (a) we would expect the number of people that would fall into this category would be relatively small in proportion and (b) we would not expect the actual metric for those individuals to be substantially different from "engagement partners".

Q24. Are the proposed descriptions of the firm-level and engagement-level metrics for use of (i) auditor's specialists and (ii) shared service centers clear and appropriate? If not, why not?

- While we do not object strongly to this proposed metric at the firm-level, we do not consider there to be a significant correlation between these metrics and audit quality. Specialists should be used when appropriate for the circumstances, which may not be on every audit engagement. The frequency of using specialists may be higher for certain issuer industries, and likely would be higher for more complex issuer engagements. The question that a metric cannot answer is whether a specialist was utilized for each engagement where it was warranted. As for shared service centers, their usage could positively or negatively impact audit quality (or have no impact on audit quality).

Q26. With respect to the firm-level metrics for the use of (i) auditor's specialists and (ii) shared service centers:
a. The metrics calculate the percentage of issuer engagements on which (i) auditor's specialists and (ii) shared service centers were used. Alternatively, should these metrics calculate the average percentage of usage of (i) auditor's specialists and (ii) shared service centers across all of the firm's engagements?

- If included in the final standard, disclosure of the use of specialists and shared service centers should relate only to a firm's issuer practice.

Q28. Are the firm-level and the engagement-level metrics we are proposing for experience of audit personnel clear and appropriate? Should relevant experience be limited to auditing experience rather than including all experience at a public accounting firm? Conversely, is there other relevant experience that would be valuable to include when determining years of experience (e.g., experience at a relevant regulator or standard setter)? If so, how should that experience be measured?

- We are supportive of disclosure of this firm-level metric. We suggest, however, that other partners (excluding the engagement partner) be included in the metric with engagement partners, rather than combining with managers. It would be a difficult and manual process to identify and track those partners who are not serving as an engagement partner, because we do not have a separate classification (in any of our practice management, human resources, or any other firm databases) of partners that are involved in audit engagements but do not serve as engagement partner on any of those engagements. We believe this would be a similar challenge for most other firms as well. Additionally, we don't believe that the distinction is meaningful, because (a) we would expect the number of people that would fall into this category would be relatively small in proportion and (b) we would not expect the actual metric for those individuals to be substantially different from "engagement partners".

Q29. Is three years of experience for managers and five years of experience for partners an appropriate threshold for industry experience? If not, what number of years should we use? Should the same number of years be used to determine industry experience for all levels of seniority (e.g., audit partner and audit manager)?

- The method defined in the Proposal for calculating this metric is impractical to implement. Among other issues, the industries are inconsistent with the industries that each firm uses to track clients, and time systems are not designed with a specific 250-hour threshold to accumulate one year of industry experience. We encourage the Board to modify the proposed metric so that a firm would be required to disclose the number of entities under audit in a certain industry rather than partner and managers with years of experience. Information about the number of clients in a certain industry would provide information that lends itself to comparability and thus could provide some meaningful input to investors.

Q33. At the firm level we have proposed that firms disclose industry experience for those industries that represent at least 10% of the firm's revenue from audit services, with the option to include additional industries. Is 10% an appropriate percentage to use? If not, should the percentage be higher or lower?

- To be relevant for the intended purpose, we believe the requirement should only apply to industry sectors that represent more than 10% of the firm's *issuer* audit practice, as opposed to 10% of the firm's overall audit practice. As proposed, we would be required to compile data for industry sectors in which we have no issuer audits.

Q36. Are the descriptions and the calculations of the proposed (i) retention rate and (ii) headcount change at the firm level and engagement level clear and appropriate? If not, why not?

- We are supportive of disclosure of this firm-level metric.

Q41. Is the calculation of the audit hours and risk areas metric clear and appropriate, including the components of the calculation? Why, or why not?

- We are strongly opposed to public disclosure of this information. The concerns presented above regarding confidentiality and hindrance of competition would be especially at risk with this information. We are supportive of the concept of discussing this information with audit committees but believe that a qualitative discussion would be more meaningful than calculated metrics. In addition, there are practical implications of gathering this data described in our response to Q42.

Q42. Are firms currently tracking the time incurred by partners and managers on significant risks, critical accounting policies and practices, and critical accounting estimates? If not, what should the Board be aware of related to potential costs or challenges related to obtaining this information?

- No. Our firm tracks preparer and detail reviewer time (generally staff through senior time) by financial statement area and does not track time at this level for partners or managers. Even tracking by financial statement area would not be detailed enough to meet this requirement, though. For instance, a significant risk may exist related to valuation of alternative investments. The audit work surrounding this would be just a subset of the audit testing for all assertions and all components of the investments financial statement area. This requirement would be extraordinarily cumbersome. The time needed to collect this information would directly conflict with time spent by the engagement team on valuable audit tasks, thus serving as a threat, rather than benefit, to audit quality.

Q45. Is the calculation of the allocation of audit hours to prior to and following the issuer's year end clear and appropriate? Why, or why not?

- We are supportive of disclosure of this firm-level metric.

Q48. Are the proposed metrics and calculations for quality performance ratings and compensation clear and appropriate? If not, why not? Are there other metrics that would be appropriate? If so, what are they? Is there another way to calculate the correlation between partner performance and compensation? If so, please provide an example.

- We do not support disclosure of a quantitative metric regarding partner compensation, primarily for the following reasons:
    - Partner compensation models can be complex and diverse between different firms and even within any single firm. Many firms, including ours, consider quality in determining partner compensation. However, there may not be a specific quality rating or a direct one-to-one relationship between a quality rating and a compensation adjustment.
    - Further, within a firm there may be different classes of partners that have different compensation models, which could influence an overall calculated metric.
    - A "quality performance rating" is inherently subjective and determined entirely by each firm. Comparing a percentage of partners receiving a certain quality performance rating across different firms is likely not meaningful to an evaluation of the firms' audit quality. Firm A could set the bar high for quality expectations of its partners, and as a result have a higher percentage of partners that receive a specific quality performance rating, as opposed to Firm B. Firm A may actually have a tone at the top that emphasizes quality more and may have higher overall audit quality than Firm B. But the metric could be interpreted to mean that Firm B has higher audit quality because a lower percentage of partners had poor quality ratings.

Q53. Would it be more appropriate to disclose firm policies relating to partner compensation and how quality performance is measured and incorporated into the firm's policy, rather than reporting the proposed compensation and quality performance rating related metrics? Why or why not?

- It would be more appropriate, and meet the Board's objective, for firms to disclose qualitatively how audit quality is considered and incorporated into the firm's overall compensation strategy.

Q54. At the firm level, we are proposing to require firms to provide disclosure of (i) the period covered by the firm's most recently completed internal monitoring cycle, (ii) the percentage of issuer engagements selected for internal monitoring, and (iii) the percentage of internally monitored engagements that had an engagement deficiency. Should we also consider providing the actual numbers of engagement deficiencies identified in the firm's most recent monitoring calendar? Why or why not?

- We believe engagement deficiency level is too low for the calculation of this metric. Users may assume that an engagement deficiency is akin to an instance where the firm had not obtained sufficient appropriate audit evidence to support its opinion, or a PCAOB Inspection Part I.A deficiency, which is not accurate. This could exacerbate the perception that there was an "audit failure," when an engagement deficiency also includes instances of non-compliance with PCOAB standards or rules other than Part I.A deficiencies. We recommend a threshold similar to Part I.A deficiencies to be more appropriate for reporting the firm-level metric.

  In addition, clarification on the scope of what should be included in internal monitoring would be helpful. Specifically, we regularly perform full engagement reviews under our internal inspection program, and certainly we would understand those to be included in the number of engagements internally

monitored. In addition, we may periodically perform targeted inspections, which could be limited to the use of a particular tool, application of a new requirement, a particular audit area, etc. It is unclear of these engagements should be included in the engagements internally monitored.

Q55. At the engagement level, firms would be required to disclose whether a previous engagement for the issuer was selected for internal monitoring in the most recently completed internal monitoring cycle and, if so, whether the firm identified any engagement deficiencies related to (1) financial statement line items, (2) disclosures, or (3) other noncompliance with applicable professional and legal requirements. Are these categories appropriate? If not, why not? Should there be additional categories? If so, what should they be and what types of deficiencies should they cover? Provide an explanation of your answer.

- We do not support this proposed requirement. It has been the PCAOB's long-considered policy not to disclose issuer names in Part I of its inspection reports. Under the Proposal, such anonymity would disappear. We believe that to be highly problematic and contrary to the letter and the intent of the Sarbanes Oxley Act of 2002. Such disclosure could introduce unwarranted confusion, including by causing investors to conclude incorrectly that an audit deficiency means that an issuer's financial statement are not fairly stated in accordance with the applicable financial reporting framework. In addition, there could be requirements in different jurisdictions to obtain consent to disclose the results of inspections at an engagement level that could conflict with this proposed requirement.

Q58. Are the proposed descriptions of revision restatement and reissuance restatement clear and appropriate? If not, what descriptions should we use?

- We are supportive of disclosure of this firm-level metric, with the modification noted in response to Q60.

Q60. Should we require reporting of revision restatements? Why or why not?

- No. We do not think it is appropriate to require reporting of revision restatements or “little r” restatements. Should the Board determine to require reporting on revision restatements, it would be most practicable to implement this requirement on a go-forward basis due to issuer disclosure requirements.

Q72. Should we require communication of firm-level and/or engagement-level metrics to the audit committee? If so, which ones and why?

- We support encouraging a dialogue between the auditor and the audit committee that is tailored to the audit and contextualizes quantitative measures. The audit committee is best positioned to determine which engagement-level metrics are appropriate for their oversight purposes. We anticipate the timing of these communications could vary, depending on the issuer’s complexity and the timing of the audit cycle.

Q73. Would it be appropriate for us to require inclusion of some or all firm- and engagement-level metrics in the audit report in addition to PCAOB forms? On what basis should particular metrics be included or excluded?

- No. We do not support inclusion of any metrics in the audit report, primarily because we do not believe it is at all practical to have the information available by the audit report date. Any delay in issuing the audit report would not be in investors' interest. In addition, amendments to the auditor report for corrections to metrics could create unnecessary burden for issuers and confusion for investors. The

Board's economic analysis does not show that the costs of this means of reporting the data would be justified by any benefit.

We are concerned that such data provided in the audit report would be information overload and unhelpful to users and would unnecessarily expose auditors to possible incremental securities law liability as a result of unintentional errors in such data. Additionally, the purpose of providing metrics—purportedly to assist in evaluating a firm's audit quality—is inconsistent with the purpose of the audit report.

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Plante Moran appreciates the opportunity to comment on the Proposing Release: Firm and Engagement Metrics. We would be pleased to discuss our comments or answer questions from the Board or PCAOB staff regarding the views expressed in this letter. Please address questions to Carole McNees (carole.mcnees@plantemoran.com) or Dawn Stark (dawn.stark@plantemoran.com).

Sincerely,

Plante & Moran, PLLC

Plante & Moran, PLLC

cc: **PCAOB**
Erica Y. Williams, Chair
George Botic, Board member
Christina Ho, Board member
Kara M. Stein, Board member
Anthony C. Thompson, Board member
Barbara Vanich, Chief Auditor
Martin C. Schmalz, Chief Economist

SEC
Paul Munter, Chief Accountant