

**CALIFORNIA BOARD OF ACCOUNTANCY**

2000 EVERGREEN STREET, SUITE 250  
SACRAMENTO, CA 95815-3832  
TELEPHONE: (916) 263-3680  
FACSIMILE: (916) 263-3675  
WEB ADDRESS: <http://www.dca.ca.gov/cba>



March 3, 2004

Dr. Douglas R. Carmichael  
Chief Auditor and Director of Professional Standards  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

**Re: PCAOB Rulemaking Docket Matter No. 012**

Dear Dr. Carmichael:

Although we recognize that the comment period on this matter has closed, the California Board of Accountancy (CBA) has recently learned that the Public Company Accounting Oversight Board (PCAOB) has received comments on its Proposed Auditing Standard on Audit Documentation suggesting that the rebuttable presumption standard is workable only if it applies exclusively to PCAOB proceedings. As you know, the CBA is fully supportive of the current proposal, including its provision for the rebuttable presumption. The CBA is greatly concerned regarding this suggested amendment to the PCAOB proposed standard and its impact on the rebuttable presumption standard in California.

California's rebuttable presumption requirement (California Business and Professions Code Section 5097(c)) is not limited to proceedings before the CBA. Instead, all California audits currently must conform to California's audit documentation standards including the rebuttable presumption. If the PCAOB adopts an audit documentation standard which limits the rebuttable presumption provision to PCAOB proceedings solely, the CBA is concerned that some might assert or contend that in California a lower documentation standard would apply to audits of public companies than to audits of non-public companies. This could make it more difficult for the CBA to prove an audit failure in a disciplinary matter involving an audit of a public company.

The rebuttable presumption is an important standard because it is an additional critical incentive for licensees to properly document their work. This standard greatly enhances the ability of regulatory entities to protect the public. Under this standard, if work is not properly documented, then the burden of proving that the required work was performed properly falls on the licensee because the licensee has control over the audit documentation.

Because of the unique position of the California Board of Accountancy in the above noted matter, we urge you to give consideration to this Board's concerns and not make substantive changes related to the rebuttable presumption in the PCAOB's proposed audit documentation standard. Should you have questions or need additional information, please contact Carol Sigmann, Executive Officer, at (916) 263-3980.

Sincerely,

Ian B. Thomas  
President

c: Members, California Board of Accountancy