

May 16, 2005

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Subject: PCAOB Rule Making Docket Matter No. 018

Dear PCAOB Members:

The North Carolina State Board of CPA Examiners (Board) has reviewed the Proposed Auditing Standard - Reporting on the Elimination of a Material Weakness. It is the Board's opinion that the proposed standard, working in concert with the reporting and audit requirements of Section 404 of the Sarbanes-Oxley Act of 2002, will allow the investing public to assess the condition of internal controls of public companies over financial reporting on a more timely basis which is so critical to our investing public and the markets they so importantly participate in.

The Board believes that the sample auditor's report included in the proposed standard clearly describes the nature and results of the engagement.

The Board believes if the auditor does not express an opinion on all material weaknesses that were identified during the company's most recent annual audit of internal control over financial reporting the proposed standard should not require the auditor's report to specifically identify the additional material weaknesses. The Board's believes that a separate paragraph explaining that the auditor is only reporting on the material weaknesses required to be specifically identified in the report and that other material weaknesses were identified in the annual report on management's assessment of the company's internal control over financial reporting is a more clear communication.

Lastly, the board believes that the standard should allow an auditor to report on the elimination of a material weakness in circumstance in which the material weakness was identified by the auditor or management and eliminated by

management as of an interim date and therefore not addressed in the company's Section 404 reporting.

The Board is very appreciative of the PCAOB's efforts to improve the auditing standards relating and therefore the quality and reliability of work performed by CPAs.

Sincerely,

Leonard W. Jones, CPA
President