

September 12, 2011

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

Re: PCAOB Rulemaking Docket Matter No. 36

McGladrey & Pullen, LLP appreciates the opportunity to offer our comments on the PCAOB's *Proposed Auditing Standard for Auditing Supplemental Information Accompanying Audited Financial Statements and Related Amendments to PCAOB Standards*. Our comments are organized by those that are general in nature, followed by those that relate to specific paragraphs.

### **General Comments**

We agree that it is important for the Board's standards to describe not only the reporting requirements, but also the procedural requirements, for supplemental information accompanying audited financial statements. We also agree that the proposed standard for auditing supplemental information accompanying audited financial statements should retain the existing concept of expressing an opinion on the supplemental information "in relation to" the financial statements as a whole stated in AU Section 551, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*. We are concerned, however, that certain language and procedures proposed in the standard are inconsistent with the objective of an "in relation to" approach. Such aspects of the proposed standard change the existing meaning of an "in relation to" opinion and extend the auditor's responsibilities beyond those required to provide such an opinion. Some examples of how the proposed standard is inconsistent with the "in relation to" concept in AU Section 551 are discussed in our comments on specific paragraphs of the proposed standard below.

### **Comments on Specific Paragraphs**

#### **1. "Audit of Supplemental Information" Language**

Paragraphs 1 and 2 of the proposed standard both state that the auditor is engaged to "audit and report on supplemental information that accompanies audited financial statements." This phrase implies that there is a separate audit of supplemental information in addition to the audit of the financial statements, which is inconsistent with the "in relation to" concept in AU Section 551. Similarly, use of the term "audit of supplemental information" in the introductory clause of paragraph 4 could have the same implications.

#### **2. Audit Procedures on Supplemental Information**

Paragraph 3 implies that the auditor would separately consider the nature, timing, and extent of audit procedures and the risk of material misstatement to report on the supplemental information. We believe the procedures performed by the auditor to assess risk and design audit procedures for the financial statement audit would be sufficient to support the auditor's report on the supplemental information under the "in relation to" concept in AU Section 551.

Paragraph 4(e) would require the auditor to perform procedures to test the completeness and accuracy of supplemental information to the extent that it was not tested as part of the audit of financial statements. This requirement extends the auditor's responsibilities to performing procedures on supplemental information that is not derived from the financial statements. This approach is inconsistent with the "in relation to" concept in AU Section 551.

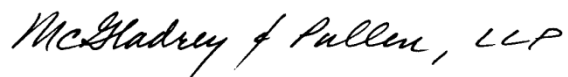
**3. Reporting**

To more fully represent the "in relation to" concept and to provide additional guidance for auditors, we believe paragraph 9 of the proposed standard should be expanded to specifically address the auditor's reporting on supplemental information if the auditor's report on the financial statements contains a qualified, adverse, or disclaimer of opinion.

If the form and content of the supplemental information is prescribed by regulatory requirements or other applicable criteria, paragraph 10(e) of the proposed standard would require the auditor to provide a second separate opinion on whether the form and content of the supplemental information complied, in all material respects, with the regulatory requirements or criteria. Although we believe it is appropriate for the auditor when forming an "in relation to" opinion to consider the form and content of the supplemental information and whether it complies with applicable criteria, the requirement for a second opinion exceeds the auditor's responsibility. In addition, the requirements in paragraph 10(e) could be construed to provide a legal determination of whether the form and content of the supplemental information complied, in all material respects, with the regulatory requirements or criteria, which would not be appropriate.

We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to Bob Dohrer, National Director of Assurance Services, at 919-645-6819.

Sincerely,

A handwritten signature in black ink that reads "McGladrey & Pullen, LLP". The signature is written in a cursive, flowing style.

McGladrey & Pullen, LLP