

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

July 31, 2015

RE: PCAOB Staff Consultation Paper No. 2015-01: The Auditor's Use of the Work of Specialists

Dear Madam Secretary:

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB" or "Board") *Staff Consultation Paper No. 2015-01: The Auditor's Use of the Work of Specialists* (the "Staff Consultation Paper"). Similar to PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*, we commend the Board and its staff for its use of a staff consultation paper, as we believe it can be an effective mechanism for obtaining feedback from stakeholders early in the standard-setting process. We further commend the Board and its staff for continued outreach, including the Standing Advisory Group ("SAG") public meeting held on June 18, 2015.

Overview

We are supportive of the overall project and agree the auditing standards related to the auditor's use of the work of specialists could be enhanced. In general, the information presented in Sections II¹ and III² of the Staff Consultation Paper accurately characterize current practice and the ways in which auditors use the work of specialists. Our observations and recommendations in this letter are informed by our firm's current use of specialists in audits of financial statements. In general, as it relates to an auditor's specialist, our engagement teams primarily use specialists employed by our firm. These employed specialists are subject to our internal continuing professional education requirements related to accounting and auditing; therefore, our employed specialists attend some of the same internal training courses that are attended by our engagement teams, including courses that emphasize the importance of professional skepticism. As discussed in the Staff Consultation Paper, our engagement teams may use an auditor's employed specialist to either develop an independent estimate and/or to test the methods and significant assumptions used by the company.³ An engagement team's determination of the appropriate use of a specialist is driven by its risk assessment process and the engagement team's professional judgment of the most effective manner of obtaining sufficient appropriate audit evidence.

¹ See *Staff Consultation Paper*, page 5.

² See *Staff Consultation Paper*, page 11.

³ See *Staff Consultation Paper*, page 40.

The Staff Consultation Paper primarily discusses potential changes to the auditor’s use of an auditor’s employed or engaged specialist. As a result, this letter includes various suggestions primarily related to the specific requirements described in the Staff Consultation Paper related to an auditor’s specialist. Specific to an auditor’s use of a company’s engaged specialist, our concerns with the Staff Consultation Paper’s consideration of rescinding AU 336, *Using the Work of a Specialist* (“AU 336”), would, among other matters, create a requirement that the auditor “test the information provided by the [company’s engaged] specialist as if it were produced by the company.”⁴ In our letter responding to the PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*, we expressed our concerns with such a requirement, and we supplement that discussion with additional recommendations in this letter.

We believe AU 336 appropriately acknowledges the “auditor’s education and experience enable him or her to be knowledgeable about business matters in general, but the auditor is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation.”⁵ The principles in AU 336 today allow an auditor to use the work of a specialist to obtain appropriate evidential matter in areas outside of accounting and auditing in which the auditor would not be expected to have the expertise or qualifications of a specialist.

As a result, we believe any changes to existing standards should enhance audit quality and be operational and adaptable to changes in the evolving capital markets. We believe improvements to audit quality would be better accomplished not through rescinding AU 336, but through strengthening certain of its core principles, including certain areas as outlined in the Staff Consultation Paper. We believe this can be accomplished, in part, by implementing the model of “evaluating the specialist’s conclusions” outlined below.

The consideration of changes should include feedback from all key stakeholders, including specialists, as any changes to the standards will impact specialists and companies. We have organized our observations and recommendations into the following topical areas:

- Use of an auditor’s specialist
- Rescissions of, or amendments to, AU 336
- Other matters

Use of an auditor’s specialist

As noted in the Staff Consultation Paper, the staff is exploring whether to include more specific requirements when an auditor uses the work of an auditor’s specialist. Among other matters, these specific requirements would include enhanced requirements for (1) evaluating the knowledge, skill and objectivity of an auditor’s specialist, (2) informing an auditor’s specialist of his or her responsibilities, and (3) evaluating the work of an auditor’s specialist.⁶

Evaluating the knowledge, skill and objectivity of an auditor’s specialist

The staff is considering, among other matters, requiring auditors to evaluate an auditor’s specialist’s professional qualifications, experience in the type of work under consideration, and reputation and standing in the views of peers.⁷ We generally agree with the potential requirements identified. We appreciate that evaluating the professional qualifications includes evaluating whether the auditor’s specialist is subject to technical performance standards or other professional or industry requirements, as we believe this allows for greater consistency and higher quality of work performed by the specialist. As a result, as we said in our response to the PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*, we believe a specialist’s professional standards framework could be

⁴ See PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*, page 38.

⁵ See AU 336.06.

⁶ See *Staff Consultation Paper*, page 35.

⁷ See *Staff Consultation Paper*, page 36.

considered when the auditor determines the extent of the procedures to be performed in order to rely on the specialist's work.

We agree with the staff that this evaluation should occur for both auditors' employed and auditors' engaged specialists.⁸ We also agree that the manner in which the auditor obtains the information for this evaluation may differ depending on whether it is an employed or engaged auditor specialist. We question, however, what the staff intends when they describe that, for an auditor's employed specialist, "*the auditor may take into account information available from the accounting firm* (e.g., information contained in the firm's QC system, results of internal and external inspections, and results of the firm's performance reviews) to assist him or her in making that evaluation."⁹

Today, when our engagement teams determine they will use the work of an auditor's employed specialist, the specialist is assigned based on, among other matters, relevant subject matter expertise and consideration of our quality control standards. The Firm, through its system of quality controls, is responsible for determining that the professional qualifications and experience in the work under consideration is appropriate. When describing that "*the auditor may take into account information available from the accounting firm*," it is unclear to us if the staff is considering changing this practice by having each individual engagement team obtain this information. If so, in order to demonstrate the engagement complied with the standards of the PCAOB, this sensitive information, including the results of performance reviews, would be required to be part of the audit documentation,¹⁰ which would then be accessible to all engagement team members and non-regulator third-parties who may be reviewing the audit workpapers.

We also believe it is necessary to acknowledge that individual engagement teams often do not have visibility into resource and other allocation decisions related to auditor employed specialists, as the individuals responsible for assigning the employed specialists will typically have more information about the availability of the specialists and be more familiar with their experiences, as they work with the specialists on a day-to-day basis. This is not to suggest the engagement leader does not have a say in the assignment, but considering whether the employed specialist is the appropriate specialist should be based, in part, on discussions with those responsible for assigning the employed specialists, who are subject to the firm's quality control standards, instead of a separate evaluation by each engagement team. As a result, we believe the best approach is the practice today, in that those in leadership positions who have access to this information are making appropriate decisions based on the firm's quality control standards in collaboration with the engagement partner.

A similar concept applies in the Staff Consultation Paper when determining if the employed auditor specialist is independent by "basing it on information contained in the firm's quality control system."¹¹ Similar to the discussion related to the knowledge and skill, it is unclear whether the intent is to change current practice, which is to rely on individual confirmations and the quality control standards of the firm to monitor independence. We believe current practice is the best approach and would recommend changes not be made in this area.

Informing an auditor's specialist of his or her responsibilities

The staff is considering requiring auditors to reach an agreement with the auditor's specialist in writing regarding, among other matters, the responsibilities of the auditor's specialist and the work to be done.¹² We are supportive of the proposed requirements as it could enhance consistency in execution. Our experience is that clarifying the roles and responsibilities in writing facilitates the development of a mutual understanding of responsibilities between the engagement team and the auditor's specialist and

⁸ We also agree, as discussed on page 30 of the Staff Consultation Paper, the evaluation requirements should also apply when an auditor is using management's specialists, and that the requirements should include consideration of technical performance standards or other professional or industry requirements as part of the auditor's determination of the extent of the procedures to be performed in order to rely on the specialist's work.

⁹ See *Staff Consultation Paper*, page 36. (Emphasis added)

¹⁰ See AS 3.05.

¹¹ See *Staff Consultation Paper*, page 49.

¹² See *Staff Consultation Paper*, page 37.

an understanding of the form and content of documentation that is expected to be included in the audit workpapers.

Evaluating the work of an auditor's specialist

The Staff Consultation Paper appropriately acknowledges an auditor's specialist may perform work related to evaluating accounting estimates by (1) developing an independent estimate or (2) testing the methods and significant assumptions used by the company. When an auditor's specialist develops an independent estimate, the staff is considering potential requirements for the auditor to determine whether the methods used by the specialist are appropriate and whether the significant assumptions used by the specialist are reasonable. When an auditor's specialist tests the methods and significant assumptions used by the company, the staff is considering potential requirements to evaluate the specialist's conclusions about the appropriateness of the company's methods and the reasonableness of the company's significant assumptions.¹³

Evaluating the work of an auditor's specialist when the auditor's specialist tests the methods and significant assumptions used by the company

We generally agree with the potential requirements to evaluate the auditor's specialist's conclusions described in the Staff Consultation Paper when the auditor's specialist tests the methods and significant assumptions used by the company¹⁴ (a model we refer to in this letter as "evaluating the specialist's conclusions"). We note, however, that "conformity with the applicable financial reporting framework" may not be applicable for all methods since the methods being used are in a field other than accounting and auditing; therefore, we recommend the staff add "if applicable" after this potential requirement.

We would also support additional considerations not currently contemplated by the Staff Consultation Paper, including evaluating the auditor's specialist's conclusions about whether the company's significant assumptions are reasonable by taking into account whether the significant assumptions are consistent with:

- Existing market information, if available;
- Market participant assumptions or management's plans, including what management expects will be the outcome of specific objectives and strategies;
- Assumptions made in prior periods, if appropriate;
- Actual experience related to the estimate to the extent currently applicable; and
- Other matters relating to the financial statements, for example, assumptions used by management in other accounting estimates in the financial statements.

Evaluating the work of an auditor's specialist when the auditor's specialist develops an independent estimate

Unlike the potential requirements to evaluate the auditor's specialist's conclusions described above, the potential requirements to determine the appropriateness of the methods and reasonableness of significant assumptions used by an auditor's specialist when developing an independent estimate is not limited in the Staff Consultation Paper to evaluating the conclusions. It is unclear what is expected of the auditor by the differences in wording of the requirements, but these differences could be read to indicate the auditor would be responsible for "testing the specialist's process." While we agree with the staff's observation that "it is important for an auditor who reviews the work of an auditor's specialist to focus on the risks associated with assumptions and methods,"¹⁵ we are concerned the potential requirements in the Staff Consultation Paper unnecessarily go beyond the model to "evaluate the specialist's conclusions" described above, and contradict the discussion in AU 336.06 that "the auditor is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation."¹⁶ For

¹³ See *Staff Consultation Paper*, page 40.

¹⁴ See *Staff Consultation Paper*, page 40.

¹⁵ See *Staff Consultation Paper*, page 39.

¹⁶ See AU 336.06.

example, if an auditor is using a gemologist to assist in performing audit procedures related to the authenticity of gemstones, it would be impractical to expect the auditor would have the expertise to evaluate whether the process in determining the methods are appropriate. Also, as discussed in AU 336.06, the auditor uses the auditor's specialist to obtain appropriate evidential matter in areas related to the specialist's special skill or knowledge.

We do, however, agree that the current standard could be enhanced. We believe that using the model of "evaluating the specialist's conclusions" as outlined in the Staff Consultation Paper (and supplemented by our recommendations outlined above) would help achieve the staff's objectives.

Independence under Rule 2-01 of Regulation S-X

The staff is considering two alternative approaches for how the auditor should evaluate the relationship between an auditor's engaged specialist and the company. The approaches are to either (1) apply the full requirements of Rule 2-01 of Regulation S-X ("Rule 2-01"), or (2) apply an approach that would incorporate only certain elements of Rule 2-01.¹⁷ Under the first approach, the auditor's engaged specialist would be subject to all the requirements and restrictions that apply to "covered persons" in an accounting firm under Rule 2-01. The second approach would require the auditor to evaluate whether the engaged specialist has the necessary objectivity by:

- Obtaining information regarding business, employment, and financial relationships between the auditor's specialist and the company;
- Evaluating that information; and
- Determining whether the objectivity of the auditor's specialist is impaired.

Given the extensive prohibitions in Rule 2-01, it appears likely some specialists, otherwise available to the auditor, would either be unable or unwilling to comply with the proposed requirement to be subject to Rule 2-01 in its entirety, and therefore could not be engaged. For example, if engaged specialists were required to comply with Rule 2-01, a direct financial interest in an audit client (or its affiliates) would be considered a violation regardless of materiality and it would apply to all covered persons (and their immediate family members), including those in the "chain of command" at the specialist's organization. Accordingly, it is likely the pool of external specialists available to auditors would be reduced, perhaps significantly, which could have a negative impact on audit quality. The impact on smaller independent public accounting firms will be greater as they use engaged specialists more frequently than larger firms, but it will also impact larger firms that use engaged specialists for certain unique audit areas requiring specialized skills and knowledge.

Additionally, we are concerned about the practical limitations of being able to apply rules intended for auditors to engaged specialists. As the staff notes, if there is no quality control system at the specialist's employer to monitor compliance with Rule 2-01, it would present considerable challenges for an accounting firm to obtain reasonable assurance that engaged specialists, including the specialist's employer, has implemented and complied with the detailed independence requirements.¹⁸ We question whether the potential requirements could be effectively monitored and enforced for entities and individuals that are not otherwise subject to the SEC's independence rules. In addition, some specialists who today serve as an auditor's engaged specialist may not want to invest in implementing the quality control systems needed and may decide to not serve as an auditor's engaged specialist.

The "Enhanced Objectivity Approach" described in the Staff Consultation Paper is more practical than applying the full requirements of Rule 2-01 to an auditor's engaged specialist. However, the intent of the assessment to be performed under the enhanced objectivity approach is to use, at least to some extent, the requirements of Rule 2-01 as a framework for evaluating impairments of objectivity. The staff has developed potential requirements for evaluating whether an auditor's engaged specialist has the necessary objectivity regarding the company being audited, and these potential requirements are based on the

¹⁷ See *Staff Consultation Paper*, pages 45 and 46.

¹⁸ See *Staff Consultation Paper*, page 47.

principles in Rule 2-01. For example, the problematic relationships listed on page 51 of the Staff Consultation Paper that would, in the staff's view, impair the specialist's objectivity are relationships prohibited under Rule 2-01. As a result, it is unclear how the enhanced objectivity approach differs, in any substantive way, from directly applying the "covered person" requirements of Rule 2-01 to auditor engaged specialists.

We support the identification of certain business, financial, and employment relationships that may impair an auditor's engaged specialist's objectivity. However, we do not believe the auditor should be required to "obtain a written description from the specialist regarding the process used by the specialist to formulate responses to the auditor's request for information."¹⁹ By requiring this information be obtained by the auditor, there is an implication the auditor would need to evaluate the specialist's process in order to determine its reliability. This would be difficult for the auditor to evaluate because the auditor would not have a basis for determining if the process is appropriate for an entity. For example, the auditor will not have knowledge of how the entity is organized; therefore, what is appropriate for one entity may not be appropriate for another, such as, the process related to a decentralized entity compared to a centralized entity may be completely different but appropriate in each situation. In addition, there is no mechanism with which to enforce the consistency of documentation related to the process, which will also drive inconsistency in what information is provided to the auditor to evaluate.

We agree with the staff's premise in question 36²⁰ requiring auditors to apply the "reasonable investor test" in conjunction with performing a threats and safeguards evaluation, presuming the benchmark for determining whether a relationship with an audit client impairs the auditor engaged specialist's objectivity is not Rule 2-01. A more substantive distinction between the staff's two proposed approaches could be to allow, under the Enhanced Objectivity Approach, consideration of materiality, as is the case in all accounting and auditing judgments. Hence, for example, a de minimis financial interest or business relationship that would otherwise be prohibited under Rule 2-01 could be deemed permissible for the engaged specialist under a less onerous threats and safeguards approach.

Impaired objectivity

Under the approaches described above, if the auditor's specialist's objectivity is impaired, the auditor would not be permitted to use the work of that specialist.²¹ This would be a change from AU 336 which, in addition to acknowledging the auditor is not expected to have the expertise of a specialist, states the auditor should perform additional procedures if he believes the specialist's objectivity might be impaired.²² Objectivity should be viewed as a continuum that affects the extent of audit procedures performed. Rather than eliminating this continuum, we suggest the "testing" to be performed be consistent with our supplemental recommendations to the model of "evaluating the specialist's conclusions" described later in this letter, and believe it would add clarity to the procedures expected to be performed and would appropriately overcome concerns about objectivity of the specialist.

Rescissions of, or amendments to, AU 336

The Staff Consultation Paper discusses the potential to either (1) amend AU 336 to remove certain provisions that may be considered to limit the auditor's responsibilities to evaluate the work of a company's specialist, or (2) rescinding AU 336 without issuing new requirements.²³

¹⁹ See *Staff Consultation Paper*, page 50.

²⁰ See *Staff Consultation Paper*, page 52.

²¹ See *Staff Consultation Paper*, pages 47 and 48.

²² See AU 336.11.

²³ See *Staff Consultation Paper*, page 30.

Potential rescission of AU 336

We do not support rescinding AU 336, which would require auditors to look to other applicable PCAOB standards when the work of a company's specialist is used,²⁴ as we think this would be a significant change in practice and not be consistent with the core principles of AU 336. We acknowledge the Staff Consultation Paper discusses that, under this method, the auditor would evaluate the knowledge, skill, and objectivity of a company's engaged specialist, and the results of this evaluation may affect the auditor's assessment of the risks of material misstatement and the nature, timing, and extent of the auditor's procedures.²⁵

Rescinding AU 336 would, among other matters, create a requirement that the auditor "test the information provided by the [company's engaged] specialist as if it were produced by the company,"²⁶ as the Staff Consultation Paper discusses the auditor would evaluate the evidence similarly to any other evidence provided by the company to the auditor.²⁷ As a result of the language in the Staff Consultation Paper, it is unclear how the auditor would alter the nature, timing, and extent of their procedures. Therefore, our concerns about such a requirement are the same as those discussed in our letter responding to the PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*. Those concerns included such a requirement would appear to be different from the principles in AS 15, *Audit Evidence*, to consider the relevance and reliability of the audit evidence and, due to practical issues, could in certain situations eliminate the ability of the auditor to test the process used by management to develop an estimate as the auditor could not use the work of a company engaged specialist, which may reduce audit quality.

We note the staff is considering a number of alternatives to this approach, including auditors (1) testing specialist-developed assumptions as if they were developed by management, (2) testing the information provided by a company's specialist as if it were produced by the company only when a significant risk is identified, or (3) testing information provided by management to the specialist and considering management's ability to influence the results of the specialist.²⁸ If the staff were to pursue a requirement to test specialist-developed assumptions as if they were developed by management, we would suggest this be clarified to mean significant assumptions, as that term is described in AU 328.33. We would also suggest the "testing" to be performed be consistent with our supplemental recommendations to the model of "evaluating the specialist's conclusions" described earlier in this letter as the same concerns around "testing the specialists" process as discussed above would apply. If the requirement applies to a significant risk, it would not alleviate the concerns outlined in our letter responding to the PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*.

We do, however, agree with a potential requirement to test information provided by management to the specialist and to consider management's ability to influence the results of the specialist. We believe this could be incorporated into the objectivity analysis.

Amending AU 336

Among other matters, the staff is considering clarifying the current responsibility to "obtain an understanding of the methods and assumptions" used by a company's specialist because, in the staff's view, that requirement is less rigorous than standards that apply when the company does not use a specialist.²⁹ We believe the requirements of AU 336.12 appropriately reflect the fact that specialists engaged by the company are typically more objective, bring a wider range of experience, and may operate within a set of professional standards.

²⁴ See *Staff Consultation Paper*, page 32.

²⁵ See *Staff Consultation Paper*, page 30.

²⁶ See PCAOB *Staff Consultation Paper: Auditing Accounting Estimates and Fair Value Measurements*, page 38.

²⁷ See *Staff Consultation Paper*, page 32.

²⁸ See http://pcaobus.org/News/Events/Documents/06182015_SAGMeeting/Accounting_Estimates_and_Fair_Value.pdf

²⁹ See *Staff Consultation Paper*, page 31.

We understand the staff's concern that the general nature of the AU 336 requirement may result in a variety of practices and inconsistent application but, instead of the elimination of certain language that the staff believes limits the auditor's responsibilities, we recommend the staff consider including the model described earlier in this letter ("evaluating the specialist's conclusions"). As noted earlier, we believe this model would improve audit quality by clarifying the responsibilities of the auditor when using the work of any specialist, and would also drive consistency when the auditor is using the work of any specialist, either that of the company or of the auditor.

The Staff Consultation Paper suggests some of the provisions of AU 336 may be considered to limit the auditor's responsibilities to evaluate the work of a company's specialist, and suggests removing these provisions from AU 336. Examples of the provisions in AU 336 the staff believes limits the auditor's responsibilities to evaluate the work of a company specialist, and suggests removing these provisions from AU 336 include:

- "The appropriateness and reasonableness of methods and assumptions used and their application are the responsibility of the specialist,
- Ordinarily the auditor would use the work of the specialist unless the auditor's procedures lead him or her to believe the findings are unreasonable in the circumstances, and
- [I]f the auditor determines that the specialist's findings support the related assertions in the financial statements, he or she reasonably may conclude that sufficient appropriate evidential matter has been obtained."³⁰

We do not believe the language and provisions being considered for removal have the effect of limiting the auditor's responsibilities but that, as stated earlier, the language and provisions are important to continue to recognize that the auditor is not expected to have the same expertise of the specialist. We do, however, understand the language in AU 336.12 that the auditor ordinarily would use the work of the specialist unless the auditor believes the findings are "unreasonable" may lead to diversity in practice. We believe it may not be appropriate to remove this language or the other provisions in their entirety, but modifications could be considered in concert with the recommendation of incorporating the model of "evaluating the specialist's conclusions" discussed above.

In addition, the staff should consider modifying AU 336.12 to also describe that, if the procedures performed to evaluate the specialist's conclusion, in combination with other audit evidence, do not result in sufficient appropriate audit evidence, the auditor should apply additional procedures. The example of additional procedures could be expanded from obtaining the opinion of another specialist to also include:

- Obtaining independent market information that corroborates or contradicts the specialist's assumptions or methods,
- Considering the actual results of historical estimates,
- Creating an independent estimate, or
- Considering subsequent events.

We believe this addition may enhance audit quality as auditors would be required to evaluate whether sufficient appropriate audit evidence was obtained in performing the procedures related to evaluating the specialist's conclusion model discussed above.

Other matters

Other example of attorney specialist

AU 336.02 appropriately describes attorneys as specialists in situations other than to provide services to a client concerning litigation, claims, or assessments, to which AU Section 337, *Inquiry of a Client's Lawyer Concerning Litigation, Claims, and Assessments*, applies. AU 336.02 also uses an example where attorneys may be specialists when interpreting the provisions of a contractual agreement. To promote consistency in practice, we recommend an additional example be included when attorneys are used to

³⁰ See *Staff Consultation Paper*, pages 30 and 31.

assist audit committees or management in conducting investigations related to financial reporting, as some external counsel do not believe the scope of AU 336 applies.

Interpretation of AU 336

The Staff Consultation Paper is silent on what the staff is considering related to the interpretation of AU Section 9336, *Using the Work of a Specialist: Auditing Interpretations of Section 336*, (“AU 9336”) especially if AU 336 is rescinded. Similar to our recommendation not to rescind AU 336, we would also recommend the Board not rescind AU 9336, as that interpretation currently serves as the sole source of authoritative guidance to assist auditors in evaluating the sufficiency of legal opinions obtained to support the assertion that transferred financial assets meet the legal isolation criterion in ASC 860, *Transfers and Servicing*. We also recommend the Board consider updating AU 9336 to reflect current practice and the updated accounting standards.

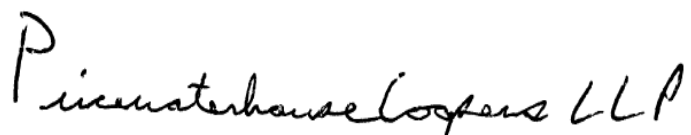
Conclusion

We are supportive of the project, including many of the recommendations discussed in the Staff Consultation Paper. We are concerned that the direction of some of the recommendations would remove some of the fundamental principles in AU 336, which we believe are still applicable today and, with the continued complexity of business transactions, will most likely continue to be relevant. As an alternative, we recommend that AU 336 be supplemented with the model of “evaluating the specialist’s conclusions” as outlined in the Staff Consultation paper (and supplemented by our recommendations), which could be used when the auditor uses the work an auditor’s specialist or a company’s engaged specialist.

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We appreciate the opportunity to express our views and would be pleased to discuss our comments or answer any questions that the PCAOB staff or the Board may have. Please contact Marc A. Panucci (973-236-4885) or Neil A. Weingarten (973-236-5862) regarding our submission.

Sincerely,

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP". The signature is written in dark ink and is positioned below the "Sincerely," text.