



July 31, 2015

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

Re: Staff Consultation Paper: *The Auditor's Use of the Work of Specialists*

Dear Office of the Secretary:

We welcome the opportunity to comment on *Staff Consultation Paper 2015-01 – The Auditor's Use of the Work of Specialists* (the Consultation Paper). We concur with the Staff's observations that the use and importance of specialists have increased in recent years, in part due to the increasing complexity of business transactions and the information needed to account for those transactions. We appreciate the concepts and questions raised in the Consultation Paper. As a smaller firm dedicated to audit quality, we are committed to ensuring that auditing standards are both responsive to inherent financial reporting risks and scalable to entities of varying size and complexity.

Wolf & Company, P.C. is a regional accounting firm with approximately 185 employees and 18 shareholders. We offer audit, tax and risk management consulting services, and audit approximately 22 public companies and five broker-dealers.

Overview

We support enhancements to existing auditing standards that are first and foremost principles-based, and that provide for audit responses grounded in the auditor's risk assessment. We believe that auditing standards should be scalable to issuers of varying complexity. Reference is made to Auditing Standard No. 12, *Identifying and Assessing the Risks of Material Misstatement*.

Retention of AU336

Most audit firms, other than the large national/regional firms, do not employ specialists; but either engage specialists or use the work of the company's engaged specialist. We support the consideration of changes to existing standards, and believe that such changes should be through the enhancement, and not the rescission, of AU336, *Using the Work of a Specialist*. We believe that the proper application of the concepts embedded in AU336 reflect an appropriate level of audit responsibility for the auditor to evaluate the work of a specialist, yet we encourage enhancements that clarify and provide guidance to auditors. In this regard, we encourage consideration of the approach taken in ISA620, *Using the Work of an Auditor's Specialist*, where the requirements and application guidance can offer enhancements to AU336 that are responsive to many of the concepts included in the Consultation Paper. Of significance is the foundation of AU336, whereby 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. The appropriate application of AU336 allows smaller audit firms to respond to the risks of material misstatement in a manner that elevates audit quality. If the ability to use the work of a specialist was substantively eliminated or curtailed, we believe that auditors of smaller firms would be precluded from auditing many, if not all, public companies.

Rule 2-01

The Consultation Paper outlines a potential amendment that would require an auditor-engaged specialist to comply with the requirements of Rule 2-01 of Regulation S-X. We believe that an engaged specialist would likely be unable or unwilling to comply with the level of quality control processes and procedures necessary for the monitoring and evaluation of relationships that might impair that specialist's independence, and that the objectivity of an auditor-engaged specialist can be effectively evaluated through inquiry and, in certain instances, through assessment of the specialist's results when they may not align with the auditor's expectation or other evidence.

Definition of Specialist

With respect to the definition of a specialist, we support the continued recognition of income tax and information technology as specialized areas of accounting and auditing, and the exclusion of those persons from the definition.

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We appreciate the opportunity to comment on the Consultation Paper and appreciate the PCAOB's efforts in this regard. The use of specialists in the audit environment is significant and therefore worthy of due consideration when assessing new or revised standards. We would be pleased to respond to any questions you may have concerning this letter.

Sincerely,

A handwritten signature in cursive script that reads "Wolf & Company, P.C.".

Wolf & Company, P.C