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August 7, 2003

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

Re: PCAOB Rulemaking Docket Matter No. 005  
Proposed Rules on Investigations and Adjudications

Dear Board Members and Staff:

I believe that the proposed rules for conducting investigations and adjudications are reasonable. I have the following comment relating to the conduct of investigations by the Board and the practical aspects of conducting an audit of an entity's financial statements by a public accounting firm.

**Proposed Rule 5103 — Production of Audit Workpapers and Other Documents in Investigations**

Proposed Rule 5103 should define "audit workpapers" and recognize the process by which they are accumulated and finalized. In the normal course of performing an audit of an entity's financial statements audit workpapers are revised as a result of their preparers becoming aware of more accurate information and as a result of the supervisory review process. Thus, workpapers change during the course of an audit because of new information and because preparers do not always have the knowledge and insight of their supervisors. Because of this process, a workpaper originally intended for inclusion by its preparer may not ultimately become a part of the final audit workpapers and older versions of an audit workpaper may be replaced with updates. Even though all aspects of fieldwork are completed on or before issuance of an auditors' report, the final audit workpapers are not always formally organized and filed until after the completion of fieldwork. In addition, audit staff and others may not always discard older versions of specific audit

workpapers and there may be other documents in a firm's possession that pertain to a client but which are not considered directly relevant to the audit.

I believe that the Board should recognize these practical aspects of performing and documenting audit work in the following ways:

- (1) Allow each public accounting firm to specifically designate the documents (including electronic documents) that are to be considered as "audit workpapers."
- (2) Designate a specific time period following the completion of field work, within which a firm must organize and formally close its complete audit workpaper files for each engagement. During that time period it should be permissible to destroy documents, such as workpapers overruled by supervisors, managers, and partners, not deemed suitable for the final audit workpaper files for an engagement. This time period should also be used to collect and destroy unsuitable workpapers and other documents from staff.
- (3) Allow each public accounting firm to specifically designate other documents (including electronic documents) that the firm does not consider to pertain to its audits and thus should not be considered "audit workpapers."
- (4) Allow each public accounting firm to specifically designate certain documents (including electronic documents) as documents that were inadvertently not destroyed under item (2) above.

Thank you for the opportunity to comment. The above comment is the view of the author and not necessarily that of the partners of Most Horowitz & Company, LLP.

Sincerely,

s Robert J. Sonnelitter, Jr.  
Robert J. Sonnelitter, Jr., CPA  
Director of Quality Control  
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