

Computer Sciences Corporation

Donald G. DeBuck  
Vice President and Corporate Controller

April 20, 2009

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W., 9<sup>TH</sup> Floor  
Washington, DC 20006-2803

**Re: PCAOB Rulemaking Docket Matter No. 25, “Proposed Auditing Standard – Engagement Quality Review”**



**FILED ELECTRONICALLY (comments@pcaobus.org)**

Dear Board Members and Staff,

Thank you for the opportunity to comment on the Public Company Accounting Oversight Board’s (the “Board”) proposed rule, “Proposed Auditing Standard – Engagement Quality Review” Release No. 2009-001 (the “Proposed Standard”), which was issued March 4, 2009. We commend the Board on the changes pursuant to concerns raised in our letter and those of other respondents.

We have supported the efforts of the President, Congress and the Securities and Exchange Commission to enhance investor confidence in the integrity of our financial reporting system. Accurate and reliable financial information is fundamental to investor confidence, and quality audits are an essential component of the US financial reporting system. As a result, auditing standards which address audit quality are critical to high standards for audits of public companies and sustaining the improvements to the financial reporting system in the United States realized through the regulatory refinements enacted under Sarbanes-Oxley.

As previously mentioned, while the Proposed Standard will likely improve audit quality, it is only one of several ways through which audit quality is achieved and we continue to feel it is important to maintain the proper balance between the cost of these measures and resulting benefits. Despite the improvements the current proposal, we remain concerned the Proposed Standard could result in significant costs, disproportionate to the resulting benefits. Accordingly, we think the Board should continue to use every possible means to mitigate the cost of these measures to registrants and, ultimately, investors.

- We continue to have significant concerns regarding the scope of required procedures which must be performed by the engagement quality reviewer and the prohibitively high cost of these audit procedures without commensurate benefits.

- We also believe the scope of procedures and documentation required under the Proposed Standard could significantly impact the timing of the final stages of an audit which could adversely impact the timeliness of issuer filings.

We have provided further information regarding these concerns, as well as other significant comments, concerns and suggestions, in the following paragraphs. We also have included detailed responses in Exhibit I to the specific questions for which the Board is seeking comment.

### **Scope of Required Procedures**

Procedures required under the Proposed Standard are far more exhaustive than practicable or necessary to achieve the necessary assurance. Review of all high risk areas of the engagement for a global client would not only be duplicative but would likely not be feasible. A scope this exhaustive could potentially require a parallel global engagement team working directly under the supervision of the quality reviewer. This would not only result in substantial additional cost without commensurate benefit but could also significantly and adversely impact audit timing and the timeliness of issuer filings with the SEC.

### **Review of Engagement Documentation**

The review of engagement documentation would be substantially more expansive than currently required and could, in addition to the scope of procedures, present formidable challenges in practice. We believe the resulting delays and costs would greatly exceed the resulting benefit. We suggest the documentation subject to review include memoranda which summarize the relevant engagement matters, such as engagement planning; materiality and risks; significant accounting, auditing and financial reporting matters; high-risk transactions and balances; summary of unadjusted audit differences; management's report on internal control over financial reporting; and audit independence.

### **Qualifications of the Engagement Quality Reviewer**

We agree with the revised guidance in the Proposed Standard requiring that the engagement quality review be performed by a partner in the firm. However, we continue to believe that requiring qualifications identical to those of the engagement partner will unquestionably result in resource constraints, particularly in view of the concurring reviewer rotation requirements. We recommend the Proposed Standard incorporate less prescriptive guidance and allow greater professional judgment in determining the necessary qualifications for the role.

### **Cost Benefit Considerations**

We think the costs under the Proposed Standard do not appear to be reasonable in relation to the benefits to be achieved. Based on discussions with representatives of national public accounting firms, we continue to believe the full cost of these

requirements has been significantly underestimated. In addition to the cost implications, we believe there may be fairly significant resource constraints and timing issues.

**Transition**

The Proposed Standard would be effective for reports issued after December 15, 2009. We do not believe the proposed transition would afford auditors sufficient time to address the process and resource challenges which the Proposed Standard would entail, particularly in view of the timing surrounding the public exposure process of the PCAOB and SEC. We again recommend these requirements under the Proposed Standard be effective for engagements beginning one year after issuance of the Proposed Standard.

We thank you for the opportunity to express our views in this letter. If you have any questions or would like to further discuss our comments, please feel free to contact me at (703) 641-2385.

Sincerely,

Donald G. DeBuck  
Vice president and Corporate Controller

cc: Mr. Mark W. Olson, Chairman  
Mr. Daniel L. Goelzer, Board Member of the PCAOB  
Mr. Bill Gradison, Board Member of the PCAOB  
Mr. Charles D. Niemeier, Board Member of the PCAOB  
Steven B. Harris, Board Member of the PCAOB  
Mr. Thomas Ray, Chief Auditor

**Response to the Questions Set Forth in PCAOB Release No. 2009-001,  
“Proposed Auditing Standard – Engagement Quality Review” (the “Proposed  
Standard”)**

1. Should the standard require an EQR for other kinds of engagements performed according to PCAOB standards? If so, what types of engagements should be included and what should an EQR of such engagements entail?

**We agree with the Board that engagement quality review should only be required for audits and the review of interim information.**

2. Is the objective in the repropoed standard appropriately formulated? Does it articulate the purpose of an EQR?
3. Will the objective contribute to a more thoughtful and effective EQR?

**In our view, the objective should be stated more generally. We believe the objective should be to provide reasonable assurance the engagement team has performed their examination in accordance with PCAOB auditing standards, the financial statements are in accordance with generally accepted auditing standards and the audit report is appropriate in the circumstances. This broader approach to the objective would allow a less prescriptive approach with regard to the specific procedures and documentation requirements.**

4. Is it appropriate to explicitly require a reviewer in the firm to be a partner or an individual with an equivalent position?
5. Should the standard allow qualified accountants who are not employed by an accounting firm to conduct the review?
6. Should the standard prohibit the engagement partner from serving as the reviewer for a period of time following his or her last year as the engagement partner? If so, is two years sufficient, or should it be extended?

**We agree with the revised guidance in the Proposed Standard requiring that the engagement quality review be performed by a partner in the firm. However, we continue to believe that requiring qualifications identical to those of the engagement partner will unquestionably result in resource constraints, particularly in view of the concurring reviewer rotation requirements. We recommend the Proposed Standard incorporate less prescriptive guidance and allow greater professional judgment in determining the necessary qualifications for the role.**

7. Are the descriptions of the scope and the extent of EQR procedures contained in the proposed standard appropriate? Will the performance of these procedures result in a high quality audit? If not, how should these procedures be revised?
8. Are the specifically required procedures appropriately tailored to reflect the difference in scope between an audit and an interim review?
9. Do the specifically required procedures sufficiently focus reviewers on areas of high risk? Are there other procedures that should be required?

**Procedures required under the Proposed Standard are far more exhaustive than practicable or necessary to achieve the necessary assurance. Review of all high risk areas of the engagement for a global client would not only be duplicative but would likely not be feasible. A scope this exhaustive could potentially require a parallel global engagement team working directly under the supervision of the quality reviewer. This would not only result in substantial additional cost without commensurate benefit but could also significantly and adversely impact audit timing and the timeliness of issuer filings with the SEC.**

10. Is the standard for engagement quality reviewer's concurring approval of issuance appropriately described in the repropoed standard? Is the first condition appropriately tailored to reflect the difference between an audit and an interim review?

**The standard for the engagement quality reviewer's concurring approval is appropriate and the modification of the first condition concerning sufficient evidence is appropriate in the context of a review of interim financial information.**

11. Are the documentation requirements in the repropoed standard appropriate? If not how should they be changed?

**The review of engagement documentation would be substantially more expansive than currently required and could, in addition to the scope of procedures, present formidable challenges in practice. We believe the resulting delays and costs would greatly exceed the resulting benefit. We suggest the documentation subject to review include memoranda which summarize the relevant engagement matters, such as engagement planning; materiality and risks; significant accounting, auditing and financial reporting matters; high-risk transactions and balances; summary of unadjusted audit differences; management's report on internal control over financial reporting; and audit independence.**