



May 12, 2008

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 025

Dear Sir/Madam:

The Audit and Assurance Services Committee of the Illinois CPA Society (“Committee”) is pleased to comment on the Proposed Auditing Standard, *Engagement Quality Review*.

The Committee is a voluntary group of CPAs from industry, education and public accounting. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of our Committee are outlined in Appendix A to this letter.

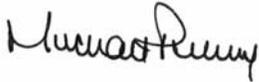
The Committee approves of the efforts of PCAOB to improve the quality of concurring reviews and established standards for its performance. However, the Committee is concerned that the standard proposed by this exposure draft is untenable. It appears that this Standard will change the requirements of a concurring partner review from a current level of negative assurance (e.g. nothing came to my attention) to that of positive assurance for all items that should have come to his/her attention during the entirety of the engagement. The use of terminology, such as “should have known” is unrealistic and could be interpreted to establish a quality role that is greater in breadth and substance than the engagement partner. We do not believe that the benefits of the positive assurance criteria set forth in the proposed standard outweigh the tremendous costs and other issues associated with its implementation.

We also have comments on certain of your questions raised by the exposure draft materials: (1) no further specificity is required, (2) an engagement quality review should be required for all audits, (3) the qualifications of a reviewer should include reasonable knowledge of the industry, economic conditions affecting the industry and appropriate experience auditing entities in the industry or similar-type industry, (4) consulting throughout the course of the audit engagement is essential so that the concurring reviewer can be involved at an early stage of the engagement, including the planning stage. We consider it imperative that every attempt be made to prevent issues from arising at the end of an engagement, when pressures to issue the auditor’s report are at their highest, (5) the reviewer should have reasonable knowledge of specific risk factors affecting the

company and the industry. It should be kept in mind that the concurring reviewer should only have limited knowledge of the company in order to maintain his independence. The proposed standard appears to be clear in stating that the concurring reviewer is dependent on his knowledge of the industry and on the planning performed by the audit team for purposes of identifying risks. He/she is not, however, in a position to be aware of risks that are not apparent from the documentation, conversations with the audit team, or knowledge of the industry, (6 thru 10) we agree with the conclusions, (12) the documentation should be consistent with the standards of AS No. 3 and should be sufficient that the quality review workpapers support the efficacy of the review.

The Illinois CPA Society appreciates the opportunity to express its opinion on this matter. We would be pleased to discuss our comments in greater detail if requested.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Pierce".

Michael J. Pierce, CPA
Chair, Audit and Assurance Services Committee

A handwritten signature in black ink, appearing to read "Jon R. Hoffmeister".

Jon R. Hoffmeister, CPA
Vice Chair, Audit and Assurance Services Committee

APPENDIX A
ILLINOIS CPA SOCIETY
AUDIT AND ASSURANCE SERVICES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2007 – 2008

The Audit and Assurance Services Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of audit and attestation standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee ordinarily operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of audit and attestation standards. The Subcommittee develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

Matthew L. Brenner, CPA	PricewaterhouseCoopers LLP
Jeffrey A. Gordon, CPA	KPMG LLP
Jon R. Hoffmeister, CPA	Clifton Gunderson LLP
Neil F. Finn, CPA	Deloitte & Touche LLP
William P. Graf, CPA	Deloitte & Touche LLP
James P. McClanahan, CPA	McGladrey & Pullen LLP
Gary W. Mills, CPA	BDO Seidman, LLP
Michael J. Pierce, CPA	McGladrey & Pullen LLP
Kevin V. Wydra, CPA	Crowe Chizek and Company LLC

Medium: (more than 40 employees)

Damitha N. Bandara, CPA	Blackman Kallick LLP
Sharon J. Gregor, CPA	Selden Fox, Ltd.
Stephen R. Panfil, CPA	Bansley & Kiener LLP
Jennifer E. Sanderson, CPA	Frost, Ruttenberg & Rothblatt, P.C.

Small: (less than 40 employees)

Scott P. Bailey, CPA	Bronner Group LLC
Loren B. Kramer, CPA	Kramer Consulting Services, Inc.
Andrea L. Krueger, CPA	Corbett, Duncan & Hubly P.C.
Ludella Lewis, CPA	Ludella Lewis & Company
Richard D. Spiegel, CPA	Steinberg Advisors, Ltd.

Industry:

James R. Adler, CPA	Adler Consulting Ltd.
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Educator:

Simon P. Petravick, CPA	Bradley University
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Staff Representative:

Paul E. Pierson, CPA	Illinois CPA Society
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