

August 10, 2004

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

File No. PCAOB-2004-05

Dear Mr. Katz:

The Center for Public Company Audit Firms of the American Institute of Certified Public Accountants (AICPA) respectfully submits the following written comments on the proposed rule that the Public Company Accounting Oversight Board (the Board or the PCAOB) has filed with the U.S. Securities and Exchange Commission (the SEC or the Commission), Auditing Standard No. 3, *Audit Documentation*, and an Amendment to Interim Auditing Standards – AU sec. 543.12, *Part of Audit Performed by Other Independent Auditors* (the Standard). The Center was established by the AICPA to, among other things, provide a focal point of commitment to the quality of public company audits and provide the SEC and the PCAOB, when appropriate, with comments on its proposals on behalf of Center member firms. The AICPA is the largest professional association of certified public accountants in the United States, with more than 330,000 members in business, industry, public practice, government, and education.

While we are supportive of the Standard, we do have the following comments:

We believe it important that we communicate our concerns over the retroactive implementation requirements of this Standard, which will impact both auditors and issuers. Because the Standard applies to audits of financial statements for fiscal years *ending* on or after the later of November 15, 2004, or 30 days after the date of approval of the standard by the SEC, audits for calendar year 2004 will be required to be completed under documentation standards different from those applied for procedures performed to complete quarterly reviews in the same year.

While we respect the PCAOB's view that an effective date beyond 2004 would not be in the public interest and we understand the Board's desire to implement essentially simultaneous with PCAOB Auditing Standard No. 2, our belief is that it is impractical to retroactively apply a standard such as this one on documentation, as it may not be possible to retroactively obtain certain temporal information or documents or create a transcript of past discussions, conversations or meetings. The result, therefore, will be an increased risk of inconsistent and ineffective application of the standard, which we believe is not consistent with high quality audits of public companies.

We therefore request the Commission to work with the PCAOB to reconsider an implementation date that would be effective for periods *beginning* on or after November 15, 2004 or 60 days after the date of approval of the Standard by the SEC. This would allow audit firms adequate time to develop procedures and staff training to effect an orderly implementation of the Standard. If the Commission chooses not to change the effective date, then we urge the Commission to work with the PCAOB to issue implementation guidance for auditors who are faced with a situation where an audit engagement has commenced prior to the approval of the Standard and where the auditor finds it impractical or impossible to retroactively apply the Standard.

Lastly, we believe that going forward the SEC, in working with the PCAOB, should adopt rules that follow a convention of effective dates that apply a new standard with the commencement of an audit engagement in order to allow audit firms adequate time to develop procedures and staff training to effect an orderly implementation of a standard.

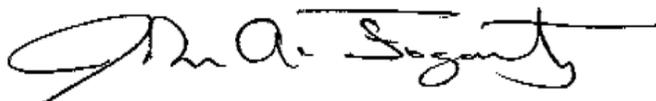
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The AICPA appreciates the opportunity to provide comments on the Standard. We are firmly committed to working with the SEC and PCAOB in accomplishing the timely and effective issuance of clear, concise, and understandable rules to the firms and our members that will be affected by these rules. We would welcome the opportunity to meet with you to clarify our recommendation.

Sincerely,



Robert J. Kueppers, Chair
Center for Public Company Audit Firms



John A. Fogarty, Chair
Auditing Standards Board

cc: Chairman William H. Donaldson
Commissioner Cynthia A. Glassman
Commissioner Harvey J. Goldschmid
Commissioner Paul S. Atkins
Commissioner Roel C. Campos

William J. McDonough, Chairman of the PCAOB
Kayla J. Gillan, Member
Daniel L. Goelzer, Member
Willis D. Gradison, Member
Charles D. Niemeier, Member