

MICHAEL R. McMURTRY, CPA

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: *PCAOB: Notice of Filing of Proposed Rules on Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards (Release No. 34-77082; File No. PCAOB-2016-01)*

Dear Mr. Fields:

I am a partner in the Professional Practice Group at EisnerAmper LLP. Based in New York, New York, I am a member of the American Institute of Certified Public Accountants (AICPA), the CAQ's Smaller Firm Task Force, the New York State Society of CPAs and the NYSSCPA's International Accounting and Auditing Committee. In these roles, I advise staff and clients, as well as those from other firms, on the application of Public Company Accounting Oversight Board (PCAOB) standards, and standards of the AICPA's Auditing Standards Board (ASB) and the International Auditing and Assurance Board (IAASB.)

I welcome the opportunity to comment on the ratification by the Securities and Exchange Commission (Commission) of the PCAOB's Proposed Rules on Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards. This letter represents only my views and not those of any of the organizations of which I am a part as noted above.

One of the recommendations of the October 2008 Final Report of the Advisory Committee on the Auditing Profession to the U.S. Department of the Treasury was to "Urge the PCAOB to undertake a standard-setting initiative to consider mandating the engagement partner's signature on the auditor's report." Since 2009, the PCAOB has issued a concept release, proposed and rerproposed rules to follow through on this recommendation, resulting in the final rule adopted by the PCAOB and before the Commission for approval.

Before stating my position on the rule before the Commission, I first would like to make clear that I am in favor of well crafted, thoughtful rules with a basis in fact which would result in increases in the overall quality and accuracy of audits. Through discussions, consultations, reviews of other auditors' work, and reading the results of inspections and examinations by the PCAOB, SEC and other authorities, it is clear that there is room for improvement.

That said, the proposed rule does not represent a clear case for improvement. In its consideration of the proposal, the PCAOB has not put forth credible evidence that the proposal would result in improvements of audit quality. Any perceived improvements are solely based on anecdotal information and the fact that Europe has required the signature and no issues regarding the provision of the signature have arisen. Such a conclusion does not take into consideration the significant litigation environment in the United States. That does not present a compelling case for such a matter.

The proposal also fails to recognize the fact that an entire team of people are responsible for the conduct and results of an audit, hence the current practice of the audit firm signing, and taking responsibility for, the report. This team includes an Engagement Quality Review partner whom the PCAOB holds significantly responsible in its audit standards for the conduct of the audit.

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While my objection is to the disclosure itself, if the Commission were to agree that such disclosure was desired, and that the rulemaking should be by the PCAOB and not the Commission, then the method of providing such information should be reconsidered. The requirement to file such information within 35 days (or 5 or 60 or a number to be determined), on the basis that such information should be provided timely to investors (again, the Commission's job, not the PCAOB's) is largely irrelevant. Since partners may only serve as the engagement partner for a limited amount of time, a requirement to disclose once, perhaps as part of the Form 2 annual report, then on Form 3 when the partner changes, would be a more effective means of disclosing such information. Under the proposed rules, by the time the Form AP is filed, the partner could have rotated off the engagement and a new engagement partner would have presided over the review of the information filed on the first quarter's Form 10-Q, with the identity of the partner, and therefore the person the proposal views as ultimately responsible, unknown to investors for nearly a full year until the filing of the next year's Form AP.

I urge the Commission to reject this proposal and direct the PCAOB to provide appropriate evidence to support such a proposal if they intend on submitting for comment again.

I appreciate the opportunity to comment on the Boards Proposed Rules on Improving the Transparency of Audits. I welcome the opportunity to respond to any questions regarding the views expressed in this letter.

Sincerely,

/s/ Michael R. McMurtry