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Jack T. Ciesielski, CPA, CFA  
President

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August 15, 2017

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

Re: File Number PCAOB-2017-01

Dear Mr. Secretary,

I appreciate the opportunity to provide comments on the PCAOB's attempt to improve the auditor's report as described in its proposed standard, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.<sup>1</sup>

It has been a long, slow road to improving the audit report since the Board first shouldered this load in 2011, and it has been a road filled with many obstacles. Chief among those obstacles has been the status quo: why change the auditor's report at all? Why add costs to the process that might be incurred by reporting critical audit matters, when it's important to streamline costs and make business easier to conduct?

I believe these concerns are misplaced: the current auditor's report has not served investors as well as claimed by those who champion the status quo. The support raised for the current auditor's report is that the auditor and the audit committees have seen all that there is to see during an audit, and have resolved all important matters to their satisfaction. Keep in mind that both auditors and board members – including audit committee members – are elected by the shareholders. The cost of retaining both sets of agents is borne by the shareholders, who effectively are the employers of auditors and audit committee members. What would happen to employees who refused to report to their employers about the way they carried out their duties? It's not a situation that would lead to a stable, long-term employer/employee relationship. Yet it is a familiar situation for investors, and one they have endured for decades.

It is true that both auditors and audit committee members are agents of the shareholders, and are supposed to be putting the interests of their principals ahead of their own. It is patronizing, however, to assume that the agents are always putting the interests of the principals first if they can't share the most critical issues with those principals - and it is particularly patronizing when the claim is made that shareholders might be "confused" by them.

With regard to the obstacle thrown in the PCAOB's path concerning additional costs for reporting critical audit matters, it is worth noting that the auditing professions of other countries have found ways to present this information in the auditor's report, without harm to them and with no apparent unwarranted costs.

There is a cost that is often ignored by those invoke the "added costs" argument against the presentation of critical audit matters, and that is the cost of audit failures. The reporting of critical audit matters can provide a powerful lever to auditors in dealing with managements, and it can also make auditors more cautious about the legitimacy of issuing an unqualified opinion. If critical audit matters reporting reduces audit failures through a stronger and more robust auditing profession, then our capital markets should be an even better place for firms to raise capital.

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<sup>1</sup> See <https://pcaobus.org/Rulemaking/Pages/Docket034.aspx>

Over the lifespan of this project, the PCAOB has consistently modified its planned requirements to allay the fears of its critics. I believe there will be no unreasonably lengthy audit reports resulting from the Board's most recent iteration. I urge the Commission to approve the Board's proposal for the benefit of investors, as soon as possible.

\* \* \* \* \*

If you have any questions about these thoughts, members of the Commission or the staff are welcome to contact me to discuss further. Best regards.

Sincerely,

A handwritten signature in black ink that reads "Jack Ciesielski". The signature is written in a cursive style with a large, looping initial "J".

Jack Ciesielski