



September 9, 2015

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

Via Email to rule-comments@sec.gov

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Re: File Number S7-13-15
SEC Concept Release, *Possible Revisions to Audit Committee Disclosures*

Dear Mr. Fields:

Grant Thornton LLP appreciates the opportunity to comment on the Securities and Exchange Commission's ("SEC" or "Commission") July 1, 2015 Concept Release, *Possible Revisions to Audit Committee Disclosures* ("Concept Release"). We value the Commission's long history of promoting effective and independent audit committees, and support its consideration as to whether improvements can be made to existing audit committee reporting requirements. There have been significant changes to the role and responsibilities of audit committees related to oversight of the independent auditor, stemming from changes in the securities laws, including the Sarbanes-Oxley Act of 2002; enhanced national securities exchanges' listing requirements; and auditor communication requirements arising out of rules of the Public Company Accounting Oversight Board. Notwithstanding these changes, the SEC's rules pertaining to audit committee reporting requirements have largely remained unchanged since 1999 when first adopted.

Audit committees play a critical role in the financial reporting and audit processes, particularly in light of their responsibility for the appointment, compensation, retention, and oversight of the external auditor. Audit quality is the bedrock of the audit process, and audit committees play a vital role in contributing to that quality not only through the oversight of the independent auditor but also through the execution of the committee's other responsibilities—for example, oversight of the company's management, financial reporting, and system of internal control over financial reporting. The Concept Release narrowly focuses on the reporting associated with oversight of the external auditor, whereas in reporting to investors, we believe appropriate consideration should also be given to other aspects of the audit committee's responsibilities that impact information provided to financial statement users, and weighted accordingly. We encourage the SEC to continue its outreach in this regard to help inform whether other areas of the audit committee's responsibilities are relevant in helping investors understand and evaluate audit committee performance.

We support the SEC's efforts to increase the transparency of the audit committee's responsibilities with respect to the external auditor and the oversight of the audit process in an effort to provide information desired by investors. We request that the Commission consider providing a roadmap for the types of disclosures audit committees should consider in their reporting, rather than providing a prescriptive set of required disclosures. An unintended consequence of such an approach may result in companies and their audit committees developing disclosures as a mere compliance exercise rather than a discussion of those attributes significant to the specific facts and circumstances of the company.

There are a few aspects of the Concept Release on which we focus our comments.

Mandatory or voluntary disclosure requirement

We believe the Commission should permit the voluntary disclosure of any resulting suggestions stemming from feedback on the Concept Release. We do believe there is a balance between leveling the playing field amongst all issuers, and providing suggestions for good corporate governance practices. In this regard, we believe that any additional disclosures stemming from feedback from the Concept Release should be voluntary in nature. Providing a roadmap for the types of disclosures audit committees should consider in their reporting provides the structure for which audit committees of companies of varying size may use to guide the specifics of their disclosures that best fit the company they represent. A "one size fits all" approach to disclosure may result in boilerplate types of disclosures that do not provide meaningful information or insight into the audit committee's oversight of the independent auditor, and thus may not have the intended effect of providing decision-useful information. In our opinion, the most effective communication is that which is tailored to the size, nature, and complexity of company operations, as well as the makeup of the audit committee. We do suggest that the Commission establish some level of expectation that the roadmap will provide a framework for the SEC staff to (1) regularly assess the nature of these communications, and (2) continue to seek investor feedback on their usefulness.

Many audit committees are already reporting information that extends beyond the SEC's requirements. We believe, over time, the practice will evolve to include the reporting by audit committees of all issuers, and the trend to provide information sought by investors will continue naturally as a matter of good corporate governance. Perhaps with a roadmap of general disclosure guidelines, based on overarching principles, all companies and their audit committees will be able to more appropriately tailor the discussion to their company's specific facts and circumstances and provide information useful and beneficial to their investors.

Communications between the audit committee and independent auditor

Communications between the audit committee and the independent external auditor are intended to be a two-way dialogue and a mechanism for oversight of the audit process. Such communications should be robust and transparent, and by nature, may include confidential matters. There potentially could be a negative impact on those discussions should the Commission require that the matters discussed be publicly disclosed. In order for the investment

community and other stakeholders to understand the specific matters discussed, they must have the appropriate context and personal knowledge, which is often only possible in live conversations. Without the underlying context, readers may reach inappropriate conclusions, leading to less, not more, informed investment decisions. Any significant and material matter that affects the financial reporting of the company that is the subject of the two-way communication is already required disclosure elsewhere in a company's disclosure documents.

We would be pleased to discuss our comments with you. If you have any questions, please contact Trent Gazzaway, National Managing Partner of Professional Standards, at [REDACTED] or [REDACTED].

Sincerely,

