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## Committees

The NYSSCPA has voiced its support of new proposed requirements issued by the PCAOB that would enhance communications between Auditors and Audit Committees.

**Isaac M. O'Bannon** • Mar. 12, 2012

The New York State Society of Certified Public Accountants (NYSSCPA) voiced its support of new proposed requirements issued by the Public Company Accounting Oversight Board (PCAOB) that would enhance communications between Auditors and Audit Committees, but also suggested several key changes to the proposal.

In its [comment](#) letter sent to the PCAOB on February 28, the NYSSCPA stated it supported the updated provisions outlined in [PCAOB Release No. 2011-008](#), and noted audit committees fulfill an important role in enhancing audit quality and welcomes the focus on improving the audit committee's oversight of the audit and the auditor, in addition to giving auditors even more access to the audit committee's views on accounting and audit matters.

One of the comment letter's principal drafters, NYSSCPA Auditing Standards Committee Member Robert Waxman, said this proposal is an improvement from a similar one put forth by the PCAOB in March 2010. The proposal was reopened for revision due to new oversight granted to the PCAOB to oversee audits of brokers and dealers registered with the Securities and Exchange Commission (SEC) and to align communication requirements with performance requirements.

"It's a step in the right direction to what's been called 'effective two way communications'," Waxman said.

The proposal includes several required communication standards, including the requirement for the auditor to communicate their overall audit strategy, involvement

of other individuals or firms involved in the audit and complaints or concerns

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be communicated.

The NYSSCPA also took issue with the portion of the proposal that allows for oral acknowledgement by the audit committee, and in its comment letter noted that such communication should be put in writing to avoid misunderstanding about the nature of the engagement and the responsibilities of both parties.

Waxman also said the NYSSCPA disagrees with the requirement that the auditor should have the primary responsibility for communicating significant accounting policies and practices, and critical accounting estimates to the audit committee. "We don't believe that the auditors should monitor management's communications about these matters with the audit committee."

In the comment letter, the NYSSCPA urged the PCAOB to provide transitional guidance to brokers and dealers that have been previously following the provisions of the American Institute of Certified Public Accountants (AICPA) since there are different governance structures. The NYSSCPA also requested the PCAOB update the proposal to recognize the importance of Financial and Operational Combined Uniform Single (FOCUS) report filings by brokers and dealers with the SEC.

"The PCAOB should require communications regarding this report with the audit committee," added Waxman.

The comment period for this proposal closed on February 29. The PCAOB estimates the proposal could be put into effect, subject to SEC approval, for audits with fiscal years beginning on or after December 15, 2012 and the NYSSCPA supports this anticipated effective date.

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