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August 15, 2017

Via E-mail: rule-comments@sec.gov

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

**Re: File No. PCAOB - 2017-01: Public Company Oversight Board; Notice of Filing of Proposed Rules on the Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, and Departures From Unqualified Opinions and Other Reporting Circumstances, and Related Amendments to Auditing Standards**

Dear Mr. Fields:

BDO USA, LLP appreciates the opportunity to respond to the solicitation for comments on SEC Release No. 34-81187; File No. PCAOB - 2017-01: *Public Company Oversight Board; Notice of Filing of Proposed Rules on the Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, and Departures From Unqualified Opinions and Other Reporting Circumstances, and Related Amendments to Auditing Standards* (the 'Release'). Consistent with the views we expressed in our comment letter dated August 12, 2016 on PCAOB Release No. 2016-003, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, we support the PCAOB's efforts to modernize the auditor reporting model by enhancing the usefulness and informational value of the auditor's report.

We believe the improvements to the auditor's report to clarify the auditor's role and responsibilities related to the audit of the financial statements and to make the auditor's report easier to read will benefit investors and other users of the financial statements, and that implementation of such changes should be relatively straightforward. However, other changes, such as the communication of critical audit matters, will require more time and resources to implement and, as such, we support the phased in effective dates for the communication of critical audit matters. Furthermore, we support the Board's intention to monitor the implementation of critical audit matters, as we believe such monitoring will be critical to successful implementation. In this regard, we encourage the PCAOB to work with the SEC to establish a plan to actively monitor implementation that includes obtaining periodic feedback throughout the implementation period from auditors, users, and academic researchers to assess whether the communication of critical audit matters is accomplishing its intended purpose and whether the expanded auditor reporting is resulting in any unintended consequences. The phased in effective dates for critical audit matters will provide the PCAOB and SEC with the opportunity to evaluate the experience of large accelerated filers and their auditors in implementing the standard and to make revisions as necessary prior to the effective date for all other companies.



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Additionally, to enhance clarity to users of the auditor's report regarding the applicability of the requirement to communicate critical audit matters during the transition period (June 30, 2019 to December 15, 2020), we recommend the SEC propose the inclusion of an explanatory paragraph for other than large accelerated filers. This paragraph would explain that critical audit matters are not required to be presented for companies other than large accelerated filers until fiscal years ending on or after December 15, 2020.

While we continue to have concerns regarding potential increases in liability with respect to critical audit matters, we appreciate the Board's consideration of the matter and their stated plan to monitor the standard after implementation for any unintended consequences. As noted above, in relation to critical audit matters, we believe a timely and active monitoring plan throughout the implementation process, that includes consideration of any unintended consequences, is essential to ensure effective implementation.

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We appreciate your consideration of our comments and suggestions and would be pleased to discuss them with you at your convenience. Please direct any questions to Christopher Tower, National Managing Partner - Audit Quality and Professional Practice at 714-668-7320 ([ctower@bdo.com](mailto:ctower@bdo.com)), Phillip Austin, National Managing Partner - Auditing at 317-730-1273 ([paustin@bdo.com](mailto:paustin@bdo.com)), or Jan Herringer, Partner - National Assurance at 732-734-3010 ([jherringer@bdo.com](mailto:jherringer@bdo.com)).

Very truly yours,

/s/ BDO USA, LLP

BDO USA, LLP