



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
www.plantemoran.com

June 12, 2008

Committee Members
Advisory Committee on the Auditing Profession
Office of Financial Institutions Policy
Room 1418
Department of the Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220

RE: Draft Report of the Advisory Committee on the Auditing Profession to the
U.S. Department of the Treasury

To the Members of the Committee:

Plante & Moran, PLLC appreciates the opportunity to offer comments to the Committee Members on the draft report of the Advisory Committee on the Auditing Profession.

Plante & Moran has been practicing public accounting for more than 80 years. We are currently one of the largest CPA firms in the United States, with 1,600 staff members in 17 offices in Michigan, Ohio and Illinois. We currently audit approximately 50 SEC issuers, including 30 benefit plan audits.

We commend the Committee for its efforts in addressing the sustainability of the auditing profession. Much has changed over the last several years. We recognize that public company audit firms have worked very hard to improve the audit process and improve investor confidence. We also recognize that continued progress is required. We have reviewed all the subcommittee recommendations with interest. At this time we offer our comments on only a few of those matters.

Firm Governance

The committee is urging that regulators explore the possibility and feasibility of firms appointing independent members to their boards and/or advisory boards. As the committee recognized, there are significant regulatory issues that would need resolution. There are other obstacles that would need to be addressed:

- Reconciling the notion that independent board members would somehow represent the public interest and improve transparency with the fiduciary duty of that board member, like any other board member, to the firm and its owners.
- As auditors, we acknowledge that independent audit committee members and board members have been a substantial positive factor in creating effective oversight of management and improving the financial reporting process for our clients. The linkage between a firm independent board member and quality of an audit provided to a firm client is less clear. It also would be very difficult to find an appropriate person with the skills that would be needed.
- Liability issues would need to be resolved.

In any event, we believe adding public members should be optional.

Transparency

There has been discussion in open meetings about the issue of public disclosure of financial information on the part of audit firms, including potentially requiring an audit of such information. The committee has not made a recommendation on this issue in the draft report. Plante & Moran strongly urges the committee to recommend against requiring public disclosure of audited financial information. We have little doubt such a requirement would exacerbate the concentration issue. For example, public company auditing represents less than 2% of our total revenue. If this requirement were to become a reality, our firm would have to decide whether it would be worthwhile to continue in the public company audit arena. There most likely would be many smaller firms that would not continue.

Audit firms already produce a public annual report to the AICPA. The PCAOB has recently implemented firm reporting requirements. Whatever reporting requirements may be mandated, the disclosures must be relevant to and bear on audit quality.

Mobility

The committee encourages greater regulatory cooperation and oversight of the public company auditing profession to improve the quality of the audit process and enhance confidence in the auditing profession and financial reporting. We certainly agree with this concept, however the committee has suggested that Congress should pass a federal provision that requires states to adopt the mobility provisions of the Uniform Accountancy Act, if they haven't adopted them by December 31, 2010. We do not believe this provision is needed at this time. The AICPA has been successful in getting mobility provisions to the legislatures in almost half the states. They should be given the opportunity to complete this project.

Liability Reform

Every participant in the discussion about the sustainability of the audit profession recognizes that investors and capital markets would both be harmed by the collapse of another large registered public accounting firm. Liability concerns, however, go well beyond the largest firms. The variety of state and federal laws used by plaintiffs in private litigation subject auditors to a multitude of legal standards. This creates confusion and uncertainty for auditors, plaintiffs, and juries. Lack of clarity in the standard of care for auditors creates a substantial litigation risk that, when combined with substantial out-of-pocket legal cost makes it virtually impossible to fight unjustified claims in court.

Ideally, there should be a single, clear standard of care for auditors. That standard of care should incorporate a professional judgment framework. There is little doubt professional standards are moving toward fewer detailed rules and more judgment being exercised by both preparers and auditors of financial statements. A well-crafted professional judgment framework that addresses the process that should take place when applying standards using professional judgment and acknowledges that a rigorous judgment process may lead two knowledgeable professionals to different conclusions on an issue would benefit issuers, auditors and investors.

We will continue to follow the committee's activities with great interest. We thank you for the opportunity to comment. If you have any questions about our comments, please contact either of us at (248) 352-2500.

Very truly yours,

PLANTE & MORAN, PLLC



William M. Hermann
Managing Partner



Gregory A. Coursen
Director of Professional Standards