

July 9, 2008

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

RE: Draft Report and Addendum of the Advisory Committee on the Auditing Profession

Dear Committee Members:

We appreciate the opportunity to comment on the Treasury Department's ACAP committee recommendations. The attention that the auditing profession continues to receive to address its sustainability in this changing global environment is warranted and welcomed. We support many of the recommendations made in the report and the addendum. Our specific comments follow:

As a National firm with one of the highest percentages of women Principals and staff, we have long since recognized the power and value of a diversified workforce. We have not only emphasized women and their equality in the auditing profession, but we also employ this same view to a vast array of minorities. We encourage the development of this valuable pool of talent to the audit profession.

Emphasizing "real world changes" and "current market developments" is critical in the education of the future auditors. Fair value audit and accounting issues are some of the most critical issues we face in our practice today, yet education of those graduating currently continues to be primarily focused on the historical cost model. With the development and influence of international accounting and auditing standards, we believe there should be even greater emphasis placed on supporting the education of future practitioners by emphasizing current market developments. Those current market developments should also influence the content of the examination and certification process for CPAs.

We do not support the public dissemination of the financial statements of the individual audit firms. A firm's financial success, or lack thereof, could be the result of many factors that have little, if anything, to do with the quality of audit performance. Matters such as successful operations in tax or business consulting practices could mask a poorly performing audit practice. Litigation resulting from client fraud could result in strained

finances of the firm, but have no indication of the overall quality of its audit function. Additionally, we believe making firm financial information broadly available in the US litigation environment will expand the risk of liability to the profession. We also believe such public disclosure will drive away the smaller firms from serving public clients along with allowing the creation of arbitrary limits of size that will further inhibit the success of smaller firms in serving public clients.

There are several processes in place today through peer reviews, inspections and internal practice reviews, along with cross-jurisdictional reporting by states, regulatory agencies and associations such as the AICPA that adequately provide the opportunity to assess the quality of the audit process. We believe those efforts can lead to the identification of value and performance measures or key indicators of the quality of a firm and that can then be communicated to audit committees to better educate them on the quality of the services of all firms, and particularly the smaller firm. We support the development of those key indicators.

We support the development of a National center to share fraud detection experiences. Given the difficulties auditing firms encounter in detecting fraud and the dramatic consequences it has on investor confidence, it is critical that the profession and its regulators and standard setters continue to educate investors of the risks and on the closing of the ‘expectation gap.’ As a smaller firm, national resources such as a center on fraud is one way to help to eliminate an obstacle of having to invest in such learnings and the risk that our learning will be the ‘hard way.’

We strongly encourage the adoption of the mobility provisions Uniform Accountancy Act. The fractious environment of complying with various states’ licensing and continuing professional education requirements is a substantial cost to the profession and an obstacle to the development of national firms.

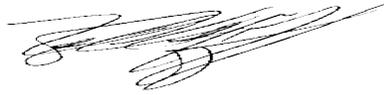
As one of the 20 largest firms in the US, we are a smaller firm and we are encouraged and take advantage of the efforts made by the PCAOB, the SEC, the CAQ and the AICPA and others to remove obstacles to us serving as auditors to public companies. We believe that all but the largest public companies (simply due to the commitment of resources to a single engagement) can be adequately served by smaller firms. The dissemination of accounting and auditing guidance through electronic and searchable tools, the involvement of smaller firms in forums, task forces and committees, and the support by regulators and standards setters of tools that are pliable for the smaller company all assist in allowing the smaller firm to be successful. Convergence of accounting, auditing and independence standards also eliminates substantial obstacles. For the smaller firm that serves as many private companies as public companies, the arbitrary differences between standard setter cause those firms to operate under multiple ‘platforms’ to perform audits of similar companies

that operate under these various jurisdictions of regulators or markets. As has been noted frequently, the accounting and auditing literature have grown ever complex. Multiple interpretations of the same set of circumstances creates a greater opportunity for failure and the smaller firm operates with less infrastructure to evaluate these interpretations and more relative likelihood that it will have to address those differences vs. the largest of the firms with much greater infrastructure.

We hope our comments assist the committee in fulfilling its mandate. If there is further assistance we can provide, please contact me at 404-250-4148.

Very truly yours,

REZNICK GROUP



Kurtis A. Wolff
Principal in Charge of Audit and Assurance