

**From:** George Uberti  
**To:** [DFPI Regulations](#)  
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Hello and thank you for the opportunity to comment on this regulation.

By the Commissioner's own admission, several CPAs and other interested parties have informed the Commissioner that the audit requirements set forth under Rule 1741.5 would cause them to violate professional standards. The American Certified Public Accounting Association does not allow auditors to issue unqualified opinions when the process of the audit is limited by the auditee. This is not some flippant technicality. Auditors cannot hold their auditees accountable when they're only being shown what those auditees are choosing to show them. Audits exist to detect waste, fraud and abuse and the people who are guilty of those offenses know where the evidence of their guilt can be found. If the potentially guilty are left in control of the audit process then the potential they'll be held accountable for that guilt virtually disappears. The guilty know that and so does the AICPA and that's why they don't permit auditors to issue unqualified opinions in those circumstances.

As the Commissioner considers the proposed changes to Rule 1714.5 to allow auditors and escrow agents to come to an agreement on the procedures necessary for auditors to issue an unqualified opinion, the Commissioner must specify that any such agreement must abide by the audit scope requirements set forth by the AICPA. If not these reports will simply become little more than absent formalities designed to avoid the core accountability issue at hand here. The AICPA knows their business, and the fact that CPAs have been systemically put in a position that asks them to violate their professional standards by escrow agents is evidence that the professional standards of the AICPA are sorely needed in this part of California's financial system. As the Commissioner considers changes to Rule 1741.5 I ask that the Commissioner require that all agreements reached between escrow agents and the CPAs auditing their financial statements regarding the scope of audits abide by all relevant AICPA standards for financial statement audits, including the standards for scope, methods, and the qualification of opinion.

Thank you,  
George Uberti  
Public Advocate for Financial Accountability  
California resident