The Walt Disney Company

September 27, 2017

Michael Santay, Chair, Auditing Standards Board (ASB)
Darrel Schubert, Chair, Employee Benefit Plan Reporting Task Force
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036

Transmitted via email to sherry.hazel@aicpa-cima.com

Re: *Proposed Statement on Auditing Standards (SAS), Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*

Dear Sirs:

The Walt Disney Company appreciates the opportunity to comment on the proposed SAS. The Walt Disney Company is a diversified worldwide entertainment company, which employs approximately 195,000 individuals worldwide. We have six retirement plans that are subject to annual financial statement audits under Department of Labor (DOL) rules. These plans have approximately 250,000 active and inactive participants. In addition, we participate in a number of multiemployer benefit plans.

We support the ASB's goal of ensuring high quality benefit plan audits; however, we have two primary concerns with the proposed SAS:

Cost/Benefit Considerations
The proposed guidance requires that the auditor perform certain procedures without regard to risk or materiality. Auditing low risk or immaterial matters will drive incremental audit cost without incremental benefits and in cases where plans pay administrative fees, the increase in audit costs may adversely impact plan participants. Plan sponsors will also incur additional internal costs to support the incremental audit procedures.

Content of Audit Report
The proposed guidance requires that the auditor include detailed, individual findings in the body of the audit report regardless of materiality, even if the matters have been remediated and properly reflected in the financial statements. We understand that this requirement may also extend to items that were discovered and addressed by management and simply brought to the attention of the auditor. We have a number of concerns with this requirement including:

- It results in the auditor reporting original information, which is usually immaterial. We do not believe the auditor should be responsible for reporting such findings unless they are material and not remediated or disclosed. In addition, we believe that users of the financial statements do not expect to find this type of information in the audit report.

- For general users of the plan financial statements, we believe discussion of immaterial items will create confusion about the auditor's overall opinion on the financial statements.

- If the goal of this requirement is to provide better information to individual plan participants, we do not believe it will be effective. Plan participants who are not familiar with the audit process are unlikely to understand how audit testing is done nor how it reflects on the overall audit report. More importantly, no individual participant will be able to assess whether any of the findings might have impacted them (and if so, to what extent). Thus, we think it is more likely that this reporting will confuse individual participants. Since plan sponsors must have controls and procedures in place to address and correct these types of issues under Internal Revenue Service and DOL regulations, we believe that continues to be the best means of informing regulators and individual participants when necessary. If reporting of these matters under today's regulations is deemed inadequate, we believe it would be more effective to address the reporting requirements for plan sponsors through changes in the Internal Revenue Service and DOL regulations than by changing the auditor's report.

We understand that these proposed rules are in response to a number of audit failures, in many cases as a result of audits performed by accounting firms with limited experience auditing ERISA benefit plans. Rather than depart from the foundational risk/materiality based approach to auditing, we think it may be more effective to consider establishing training standards for accountants that seek to perform ERISA benefit plan audits.

We would be pleased to respond to questions regarding our comments in this letter.

Sincerely,

Brent A. Woodford
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The Walt Disney Company
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