

From: micahbloomfield@gmail.com
To: [Comments](#)
Subject: Docket 037.
Date: Sunday, November 06, 2011 4:39:14 PM

Re: Concept Release on Auditor Independence and Audit Firm Rotation – 2 ideas

Ladies and Gentlemen:

We have seen many inappropriate actions and incompetent audits by the biggest auditing firms over the last decade. Unfortunately, these auditing failures have only made things better for these accounting firms.

It's true that one firm (Arthur Andersen) was forced out of business, but that just made the field more lucrative for the other big firms. In other cases, the auditing requirements were strengthened (see the SOX legislation), but the result of that is more audit work for the accounting firms that were negligent.

First Suggestion

Rather than firm rotation, I think the way to get better results is to create some mechanism to ensure that smaller accounting firms are given the opportunity to represent public companies. As it is right now, a public company may be questioned if it gets a good small accounting firm to examine its books, but will not be second-guessed if it gets one of the Big Four to do the audit, even if the accounting firm does a bad job. Perhaps requiring an audit by some of the smaller firms every few years could be helpful in giving them the requisite experience and ensuring that there are other eyes looking over what the big firms are doing.

Second Suggestion

Come up with a feedback mechanism that punishes management if their accountants do a bad job.

Sincerely,

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