From:	tfcrouch@aol.com
To:	Baumann, Martin; Gurbutt, Michael; lessrj@pcaobus.org
Subject:	possible external auditor rotation
Date:	Wednesday, February 22, 2012 9:25:55 PM

FYI

-----Original Message-----
From: tfcrouch <tfcrouch@aol.com>
To: CISACA-L <CISACA-L@purdue.edu>
Sent: Wed, Aug 17, 2011 8:00 pm
Subject: [Cisaca-l] possible external auditor rotation -- PCAOBUS -- rulemaking release

possible external auditor rotation -- PCAOBUS -- rulemaking release

http://pcaobus.org/Rules/Rulemaking/Docket037/Release_2011-006.pdf

It looks like there is a chance that a 10 year rotation might be put in place by a
rule which could be issued next year. In my humble opinion, a 10 year rotation
would be a huge improvement over the current practice.

If the CPA firms, along with the senior management & boards of publicly traded
companies, might do heavy lobbying between now and next March. They might prevent any required rotation.

If those opposed to mandatory external auditor rotation prevail, a lesser option
on disclosure still might promote better results than the current practice.

The Board could require publicly traded companies to disclose in their annual reports which CPA firms conducted their annual financial audit during each of the last 30 years.   The disclosure could be tightly structured such that one full page would be devoted to listing the prior auditors and the year audited. **<u>For example,</u>**

Start of hypothetical ---

The Public Company Accounting Oversight Board requires public disclosure in the annual financial report of the CPA firm that audited each of the last thirty audited annual financial reports. The listing below meets that requirement:

1981 financial statement audit by the firm Crouch, Hines, and Swanson,
1982 financial statement audit by the firm Crouch, Hines, and Swanson,
1983 financial statement audit by the firm Crouch, Hines, and Swanson,
1984 financial statement audit by the firm Crouch, Hines, and Swanson,
1985 financial statement audit by the firm Crouch, Hines, and Swanson,
1986 financial statement audit by the firm Crouch, Hines, and Swanson,
1987 financial statement audit by the firm Crouch, Hines, and Swanson,
1988 financial statement audit by the firm Crouch, Hines, and Swanson,
1989 financial statement audit by the firm Crouch, Hines, and Swanson,
1990 financial statement audit by the firm Crouch, Hines, and Swanson,
1991 financial statement audit by the firm Crouch, Hines, and Swanson,
1992 financial statement audit by the firm Crouch, Hines, and Swanson,
1993 financial statement audit by the firm Crouch, Hines, and Swanson,
1994 financial statement audit by the firm Crouch, Hines, and Swanson,
1995 financial statement audit by the firm Crouch, Hines, and Swanson,
1996 financial statement audit by the firm Crouch, Hines, and Swanson,
1997 financial statement audit by the firm Crouch, Hines, and Swanson,
1998 financial statement audit by the firm Crouch, Hines, and Swanson,
1999 financial statement audit by the firm Crouch, Hines, and Swanson,
2000 financial statement audit by the firm Crouch, Hines, and Swanson,
2001 financial statement audit by the firm Crouch, Hines, and Swanson,
2002 financial statement audit by the firm Crouch, Hines, and Swanson,
2003 financial statement audit by the firm Crouch, Hines, and Swanson,
2004 financial statement audit by the firm Crouch, Hines, and Swanson,
2005 financial statement audit by the firm Crouch, Hines, and Swanson,
2006 financial statement audit by the firm Crouch, Hines, and Swanson,
2007 financial statement audit by the firm Crouch, Hines, and Swanson,
2008 financial statement audit by the firm Crouch, Hines, and Swanson,
2009 financial statement audit by the firm Crouch, Hines, and Swanson,
2010 financial statement audit by the firm Crouch, Hines, and Swanson

No additional comments about the above disclosure are to be made pursuant to the disclosure rules.

----
end of hypothetical ---

The font type and font size might even need to be specified to create a level playing field.

If such disclosures were required, the information might indirectly push for more appropriate practices. It might embarrass both the CPA firms and publicly traded companies. Such a listing is something that the various stakeholders should know. My hunch is that there are not any legitimate arguments against the 30 year listing. There might be some rather nervous CPA firms and publicly traded companies if the 30 year listing disclosure is required.

Best of Luck,
Tom Crouch

PS This email may be forwarded.