



June 27, 2012

VIA ELECTRONIC MAIL

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: Request for Public Comment: Auditor Independence and Audit Firm Rotation

Dear Office of the Secretary:

I have received an email today that your office is still requesting additional comment letters pertaining to the Public Company Accounting Oversight Board's (PCAOB) Rulemaking Docket Matter No. 037, "Concept Release on Auditor Independence and Audit Firm Rotation". Although we do not audit issuer Companies, we do audit significant government audits under generally accepted government auditing standards, as established by the U.S. Government Accountability Office.

I have reviewed the American Institute of Certified Public Accountants, comment letter dated December 14, 2011 and are in general agreement with their comments. The "GAO" and "AICPA" have independence, objectivity, and ethical standards that each CPA must follow in conjunction with their professional and fiduciary responsibility in performing attestation engagements. One of their threats to independence pertains to familiarity with a client pertaining to their concern that we may overlook ongoing activities due to lack of skepticism or partiality of the recurring client.

The standards talk about an individual or firm being independent in mind and appearance. There isn't a human being on the planet that can determine any one person's independence of mind; as such, it cannot possibly be regulated. Afterwards, you may be able to determine a person's independence of mind, but not before the fact. As a result, I don't know how auditor rotation is ever going to resolve the difficulties your office is dealing with and others. A person is either ethical or they are not. Rotation of auditors does not resolve the underlying problem.

We truthfully understand the Board's frustrations with fraudulent activity occurring with poor oversight by appointed auditors, but opting for auditor rotation would punish the thousands of ethical and honest CPAs who would never be influenced, by any client for monetary or non-

monetary means, to breach the profession's standards. I have been frustrated for years in this profession with the unethical, immoral, or outright fraudulent behaviors of fellow CPAs in not performing their fiduciary responsibility to the general public or private investors.

As a discussion leader for the AICPA, I have heard horror stories of poor auditing conducted by various CPA firms. It is my contention that there are two distinct auditing philosophies associated with my profession. One is the philosophy followed by the international CPA firms, and those smaller firms who were started by former disgruntled partners at the larger firms. This philosophy dictates too much reliance on internal controls and limited substantive tests being performed. Specifically, limited tests of details and balances. This philosophy follows the contention that testing internal controls and performing analytical procedures is the right approach to auditing any entity.

The second philosophy, as I am sure you can guess, is more of a substantive test approach in auditing any entity with limited reliance placed on control risk and far more testing of details and balances. This philosophy has served me well over my career and has provided me with an excellent reputation with my clients and beyond. Of course it costs more to conduct a more thorough audit, but you discover more fraudulent activities and human errors than the other philosophy. I don't mean to simplify a complex matter, but sometimes it is necessary in order to resolve complex situations.

Ironically, our profession is a mandated monopoly to the extent that only a CPA can provide a professional opinion on an entity's financial statements. So I have been wondering for years why my profession just doesn't mandate more stringent auditing standards, like requirements to test details on all material account balances and their underlying transactions.

If the Board is serious on leading the way to correct the constant inequality of audits, intentional or un-intentional, then forget about auditor rotation that won't resolve anything, and concentrate on establishing mandatory audit procedures that must be performed under all circumstances, which will have the major effect of reducing the amount of "so-called" professional judgment used in my profession. The Auditing Standards Board has addressed my concerns to some extent with the passage of SAS No. 99 and the suite of Risk Assessment Standards (SAS 103 to 109); however, much more is needed if the general public and investors are going to continue to be able to rely on our opinions.

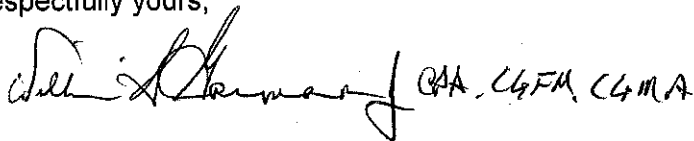
I don't buy the argument that because of the size of the Company or Government that a substantive test approach does not work. If the standards require it, then our clients will have to pay the additional costs to ensure proper oversight of their management and boards.

I personally, would be very upset to lose any clients because the PCAO Board or GAO insists on punishing my good work by requiring the client to rotate auditors. Please don't punish us, who have lived our entire careers on performing excellent work. One final note for your consideration is that mandatory rotation of auditors will cause additional unnecessary costs on

our clients because of the education necessary by the CPA or CPA firm to understand the client's business structure, operations, internal controls, and business model.

Please excuse the lack of more detailed recommendations on how auditing standards should change to minimize professional judgment, but it would cause a much longer response to address all the issues involved in the process. I truthfully believe if more auditing standards required mandatory procedures to expand the depth of our work, we would not need as much regulation like the Sarbanes-Oxley Act. While this letter has not gone into more depth and analysis as AICPA's comment letter, I hope the Board finds it valuable in reaching the decisions necessary to strengthen confidence in an auditor's integrity, objectivity, and ethical behavior.

Respectfully yours,

A handwritten signature in black ink, appearing to read "William H. Gorman, Jr.", followed by the credentials "CPA, CGFM, CGMA" written in a smaller, less stylized hand.

William H. Gorman, Jr., CPA, CGFM, CGMA
President