

*The changes are incremental: Are they enough?*

## Partners in Accounting Firms Respond to Their Critics

### A Panel Discussion

Moderated by James L. Craig, Jr.

*In this panel discussion, partners are given the opportunity to say what their firms have done and are doing to improve audit quality and thereby quiet the critics. Have they done enough? You be the judge.*

In recent years there have been a number of initiatives in response to criticism of the accounting profession for failing to find misstatements resulting from management fraud. Most notable among these have been the reports of the Public Oversight Board (POB) of the SEC Practice Section of the AICPA Division for CPA Firms (SECPS). First there was the POB special report, *In the Public Interest—Issues Confronting the Accounting Profession* (March 1993), which was followed by *Strengthening the Professionalism of the Independent Auditor* (September 1994). The latter was the result of the work of a special panel chaired by Donald Kirk mainly in response to remarks made by then SEC Chief Accountant Walter Schuetze that raised questions about auditor independence and professional skepticism. Most recently, the U.S. General Accounting Office is in the final stages of a performance review of the auditing profession in responding to the needs of the public interest. The GAO report is expected to contain a lengthy appendix that includes the recommendations for improving the profession made over the years and the specific initiatives in response thereto.

Many of the recommendations for improving the performance of the profession have been directed to standard-setting bodies, state and Federal regulators, and to self-regulatory institutions. It is a matter of public record how these groups

have responded to the recommendations. Not so visible, however, are the responses to the recommendations by those who actually perform the services—the public accounting firms themselves.

In an effort to find out how firms have changed their procedures in response to the various recommendations, managing editor James L. Craig, Jr., led a discussion among partners from seven accounting firms. The principal criteria for inviting the partners to participate was that their firms have a significant audit practice—it is in

*of the POB is that firms provide some type of mechanism to assure the exercise of professional skepticism on the part of its partners and staff. As a real life follow-on to that recommendation, George Diacont, chief accountant of the enforcement division of the SEC, said in an article in the June issue of The CPA Journal there are two fundamental deficiencies that are often present when an auditor's work is called into question—a lack of professional skepticism*

*The accusation that as a profession, we are in bed with our clients or have failed to view transactions in an objective way is vastly overblown.*

the audit area that responsiveness to the public interest is paramount.

The panelists are John Barnum, CPA, McGladrey Pullen & Co. LLP; Michael A. Conway, CPA, KPMG Peat Marwick LLP; Robert Herdman, CPA, Ernst & Young LLP; D. Edward Martin, CPA, Richard A. Eisner & Company, LLP; Arthur Siegel, CPA, Price Waterhouse LLP; Raymond Temple, CPA, Rothstein, Kass & Company P.C.; and Leonard Weinstock, CPA, Cornick Garber & Sandler, LLP.

*The CPA Journal: Let's begin our discussion by looking at what the POB recommended that firms do to improve the financial reporting process and related audit aspects.*

### Professional Skepticism

*CPAJ: One of the recommendations*

*cism and too easy an acceptance of management's representations.*

*D. Edward Martin:* Auditors in general must constantly be on guard against getting too comfortable with a client, and there must surely be those circumstances where it happens. Nonetheless, the accusation that as a profession, we are in bed with our clients or have failed to view transactions in an objective way is vastly overblown. Our firm has not significantly changed its procedures as a result of the POB's recommendations. That is not to say that we don't continually review our audit approaches; we do that on an ongoing basis. And we pay attention to the areas of concern raised when the news of an audit failure is made public or the SEC issues an enforcement release.

But I would think that is true of all firms represented around this table.

**Raymond Temple:** I believe the criticism of not exercising sufficient skepticism smacks a little of Monday-morning quarterbacking. New kinds of transactions are being created every day; therefore, financial accounting has become so much more complex in recent years. That is where the problem, at least in part, lies. The recommendation to better emphasize skepticism is misguided.

**Robert Herdman:** A large number of our audit professionals began with us in the last three or four years. Many of them have only audited during good economic times. We have worked very hard, not only in our training, but through our normal communications channels to alert our professionals as to the kinds of things that can go wrong. We are continually emphasizing the need to challenge issues and look beneath the surface. We convey this in a general way; we convey it in our industry special areas. It's an ongoing process.

**Michael Conway:** Internally, we have put more into our training programs to try to increase the level of skepticism of our people where they are seeing transactions or experiencing circumstances that may be unusual or the tip of the fraud iceberg. For example, fraud risk factors similar to those contained in the ASB's recent exposure draft on fraud are the kinds of things we have had in our audit planning guidance for years. I also think the year-end audit and industry alerts issued by the AICPA for the past several years, although unofficial, are very useful guidance in creating an awareness.

**Leonard Weinstock:** You have to lead by example. It must be evident from the top down that the firm is willing to take a position and that it is the firm's integrity that matters above all else.

**Herdman:** Senior management at the firm has to set the right tone. For example, the tone cannot be to retain the client at all costs. If the tone is right, the professionals will not succumb to pressures to accede to the client's point of view.

**Weinstock:** I think the SEC has been especially helpful in recent years with the publication of enforcement releases. Whenever an SEC enforcement release is issued that deals with an egregious audit deficiency, I make a copy or a summary and distribute it to all my audit partners.

Since some of these releases appear to be written with an incredible amount of hindsight, they could be viewed as a "there but for the grace of God go I" type of situation. People begin to get the message of the consequences of failed professional skepticism.

**Arthur Siegel:** I think the SEC and its enforcement staff, just as does the POB and its staff, have an important role to play in encouraging the profession to do even better. I like to think that is the basis for the comments by George Diacont. One of the challenges to regulators—whose jobs are to investigate the bad, the dirty, and the ugly—is not to make judgments about the rest of the population of audits based upon what they see. Yes, we must continuously work on reducing the percentage of deficient audit work, but we can not overlook all the audits where proper levels of skepticism have led to discovery of misstatements.

**CPAJ:** *The consequences of shoddy work are extremely costly. I would think those of you in positions of consulting with partners on difficult*

*client matters would be tough as nails. The potential liability is just too great.*

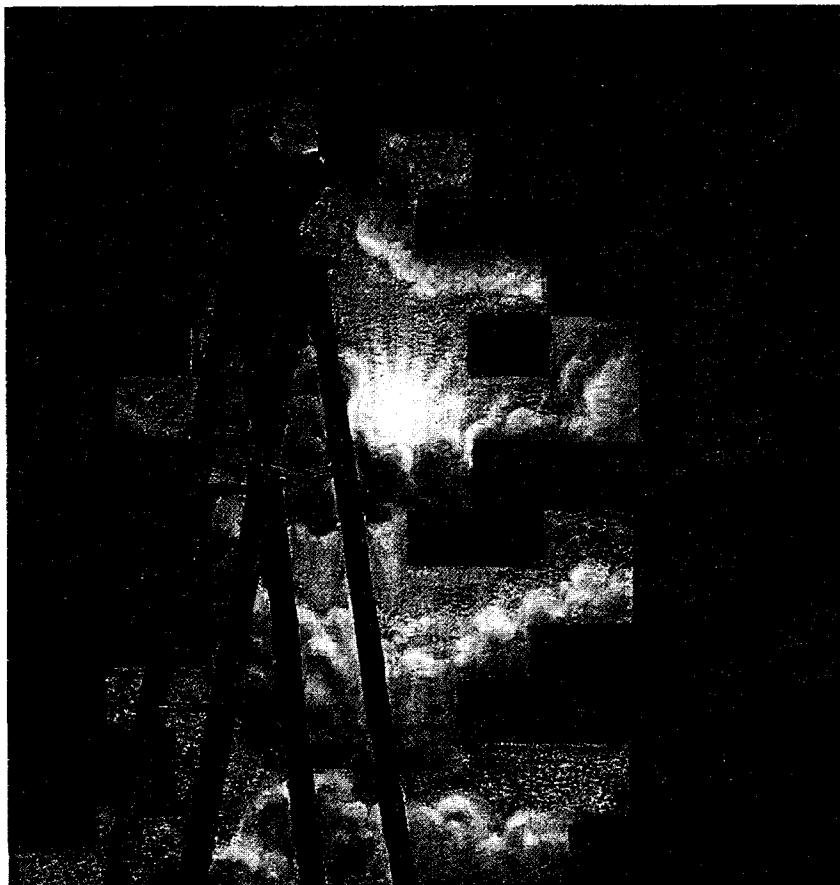
**Siegel:** You are right. But more fundamental to that is we don't want to do shoddy work. We have pride, enjoy what we do, and believe we have a public service role. We do it because, first and foremost, it is the right thing to do.

**Herdman:** It is not a dollar and cents issue. If we don't keep the audits that George Diacont has to investigate to a minimum, the very fundamental place of the audit in capital markets will be called into question. This is very serious business.

### The Standard Setters Step In to Help Firms Discover Fraud

**Conway:** As part of the SECPS response to the POB's recommendations, we put together a task force to look at the whole area of finding misstatements arising from fraud. We ultimately referred the project to the Auditing Standards Board. The recent result, of course, is the ED for a new auditing standard relating to misstatements arising from fraud.

**Weinstock:** I always have felt there is



a problem with the literature when it comes to fraud. I see two types of fraud—fraud by management and fraud against the company. The professional literature has not done enough to distinguish the two. I think if the literature set a higher standard for finding management fraud as opposed to fraud against the company, we would be better off. Audit professionals would have a clearer understanding of what their responsibilities are.

**CPAJ:** *The ASB's ED on fraud does identify two types of fraud—management fraud and employee dishonesty and embezzlement. Is that the distinction you are making?*

**Weinstock:** Yes, that is a big part of it. When accountants seek to disclaim responsibility for fraud, I believe they are thinking along the lines of employee dishonesty and embezzlement, especially the kind involving collusion among employees.

**CPAJ:** *When some of us around this table began our careers, the professional literature disclaimed responsibility for finding fraud. The public did not agree, and slowly the standards have changed, first to plan the audit to find fraud, and in SAS No. 53 to actually find the fraud if it exists.*

**Siegel:** SAS No. 53 doesn't require the auditor to find all fraud. It says the audit should provide reasonable assurance that

material misstatements because of errors or irregularities, i.e., fraud, are detected.

**Martin:** The proposed new fraud standard introduces a set of bells and whistles on top of the standard we already have in place in SAS No. 53. It doesn't go beyond the reasonable assurance concept of detecting material misstatements that Art points out. And yet, it may also serve to raise the expectations of financial statement users and the public at large that the auditor will find a fraud, no matter the circumstances and no matter how clever the perpetrator may be.

**Temple:** I do a lot of teaching for many state societies of CPAs. It is mind-boggling to hear attendees, after a day of teaching,

posed standard will help—first by actually using the word “fraud” and second by giving sound operational guidance.

### **Client Acceptance and Client Integrity**

**Temple:** Of all the things we have to hang our hat on, the single most important aspect to an effective audit is the integrity of the client. You can issue all the SASs in the world, but if you can't trust your client, the audit is doomed to failure. Client acceptance procedures are the filter or screen that can help keep auditors from harm's way.

**Herdman:** Procedures for reviewing the acceptability of continuing with exist-

*It is mind-boggling to hear attendees, after a day of teaching, be split 50/50 over whether there is a responsibility on the part of the auditor to detect fraud.*

be split 50/50 over whether there is a responsibility on the part of the auditor to detect fraud. If you extrapolate that to the over 300,000 members of the profession, it is very troublesome. The pro-

ing clients is also important. My firm is much more serious and discriminating in its review of existing clients.

**Conway:** We have a network of risk management partners, who, among other things, are in the decision making and review chain for public companies with regard to client acceptance and continuation.

**CPAJ:** *Are there special risks that exist at smaller offices of a firm or perhaps those outside the geography of a watchful national office?*

**John T. Barnum:** In our firm, no partner on his or her own can accept a client. All public company audit acceptance is processed through our coordinator of SEC services. This promotes consistency. The coordinator also sees that the right people are assigned to our public clients.

**Herdman:** Our policy is that if a client represents more than 10% of an office's revenue, the independent review has to be performed by someone outside of that office. Client acceptance for public companies goes way beyond the office level. The annual client continuance review is first made at the office level,



*“Senior management at the firm has to set the right tone.”*



but is subject to regional review, not only as to what clients should be weeded out, but also which may require special attention or be subject to heightened procedures.

### Strengthening Concurring Review Procedures

**CPAJ:** *Another recommendation from the POB is for firms to take a hard look at the concurring partner review process to make sure it has real teeth and is effective. Any comment?*

**Temple.** For firms of my size and that of Leonard Weinstock's and probably Ed Martin's, we have for many years had a separate review department performing a concurring partner review that challenges the work of the engagement team. With the increased audit risk of recent years,

*We shared our client's point of view that the standard setters did not understand the consequences of what they were requiring. Is that improper?*

a strong emphasis on knowledge of the industry in which the client is engaged, especially the more risky ones. And concurring review partners are carefully screened to make sure they are technically competent and sufficiently supported and independent to stand up to the engagement partner.

**Martin:** I think the SEC, especially where there has been a business failure, sometimes has an unrealistic expectation

requirements. The SECPS executive committee sent a letter to the SEC expressing its views as contrasted with those in the enforcement release.

### Client Advocacy

**CPAJ:** *Accounting firms have been criticized in the POB report and by others for playing client advocacy roles in the standard setting process and when appearing before the SEC with clients to discuss accounting issues. Critics say this places the perception of the accounting professional as an objective, independent opinion giver into question. To what extent have your firms thought this is a problem and, if so, how have they responded?*

**Weinstock:** Coming from a smaller firm, we generally have unsophisticated clients who are not experienced in dealing with the SEC. They often ask us to speak to the SEC on technical accounting issues that may arise in a public offering. The SEC may view this as client advocacy, but we don't.

**Temple.** There is also the possibility the standard setters could be wrong.

**Martin:** Bite your tongue.

**Temple:** We have a large investment-partnership practice. Recently effective accounting principles require these clients to make sensitive disclosures about their trading strategies—and they feel it can benefit their competitors. During the exposure process we voiced objections that expressed our client's concerns. We shared our client's point of view that the standard setters did not understand the consequences of what they were requiring. Is that improper?

**Martin:** It comes down to a freedom and integrity of thought and the right to disagree. If the best minds in a firm have examined an issue and find problems with any standard setter's proposals, I think the firm is obligated to speak out. That's what due process is all about. If the issue



*"The criticism smacks of Monday-morning quarterbacking."*

firms have been doing more to make sure the concurring reviews are more timely and risk based.

**Siegel.** The SECPS strengthened the rules for concurring partner reviews last year. In addition, the practice section two years ago under the leadership of Mike Conway began issuing professional issues task force alerts to give unofficial guidance to practitioners, drawing upon the results of inquiries into problem audits by various professional and governmental regulators.

**Barnum:** We are starting to make concurring review partner assignments with

as to what the concurring partner should have done. Concurring partners do not re-audit. Their role is to see there is evidence an appropriate audit has been conducted and conclusions appropriately reached. The SEC has recently issued sanctions in matters involving concurring partners. In at least one of these cases, the SEC's expectations for the concurring review went beyond what I think we would agree is contemplated by SECPS requirements.

**Conway:** I agree. There is one enforcement release that goes well beyond what is contemplated in SECPS membership

is controversial and a CPA firm happens to agree with the position taken by clients, it's up to the standard setting body to sort through the various points of view and make decisions based upon the issues and the quality of the arguments.

**Siegel:** There are two aspects to advocacy. One is dealing with the FASB and other standard setters. The POB told the large firms there was a perception we were advocating rather than engaging in an intellectual debate. For the larger firms, most often they have clients on both sides of an issue. The only answer in this situation is to say what you believe.

The other aspect, of appearing to advocate a client's position before the SEC, is understandable. By the time a firm appears before the SEC with a client, the firm has

## *The Big Six were asked to propose alternative accounting for stock-based compensation to help break the logjam.*

**points out that the Big Six as a group sent a letter to FASB taking exception to the proposed accounting for stock-based compensation.**

**Conway:** This criticism gives a false impression. What we signed was in response to a request of the FASB. The Big Six were asked to propose alternative accounting for stock-based compensation to help break the logjam. I was the point

**CPAJ:** Dennis Beresford, chairman of the FASB, has been quoted as saying he feels the accounting firms left him high and dry on the stock-based accounting issue.

**Conway:** I have to remind the FASB that it also has completely reversed itself on issues from time to time.

**Martin:** I don't think the accounting profession should go lock-step with whatever the FASB proposes. But I am concerned with recent attacks by the FEI and SEC Chair Arthur Levitt about the organization and structure of FASB and how it operates. While not perfect—not unlike the U.S. political system—it sure beats any alternatives that I have seen proposed to date.

**Temple:** What frightens me is the fact that Congress was threatening to get into the act on the stock-based compensation project if FASB would not retract its position. Challenges from the FEI, reversals of opinion by some—are reasonable. But interference by Congress is totally unwarranted and would erode the private sector's role in the standard-setting process.

**Conway:** What intrigued me was that so much political ammunition, both by the FASB and by others, was expended on this issue. I just don't think this was the issue to raise to that level of public awareness and controversy. There are other FASB agenda items that are worthy of substantial debate and, yes, are worthy of the expenditures of political capital by the FASB.

**Siegel:** When should they have realized they were unwisely burning political clout—I don't know.

**CPAJ:** *It appears you feel the criticisms that firms were inappropriately participating in the standard setting process—i.e., not participating with the desired level of independence and objectivity—were unfounded.*



*"It comes down to freedom and integrity of thought and the right to disagree."*

reached agreement with the client as to the appropriate accounting. At that time you believe what is being presented is GAAP. I don't think this is demonstrating a lack of objectivity and independence. What the SEC didn't see is the discussion and debate that went on with the client before the final position was reached.

**Herdman:** I think there is another level to that. Once we have signed off on a set of financials, we have just as much interest as our clients in challenges to the accounting positions taken.

**CPAJ:** *One of the criticisms made*

person on that project, and we delivered an alternative.

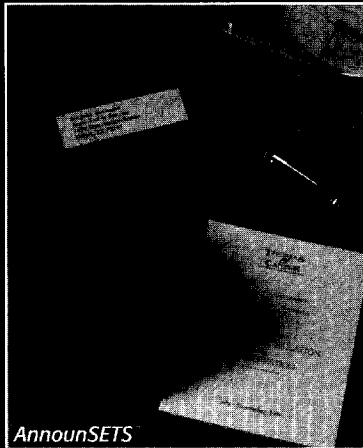
**CPAJ:** *Is that the only joint response to a proposed standard that you know of?*

**Siegel:** The Big Six have been requested from time to time to give a collective view. If we can arrive at one, we have done that. Rarely has it been at our initiative.

**Conway:** I can only think of two—stock-based compensation and investment securities, both specifically at the request of the chairman of the FASB.



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**Herdman:** I never viewed the POB's report as a broad criticism of the profession as opposed to just a warning to be careful about what may appear to others as a possible conflict—but, in general, just to keep up the good work.

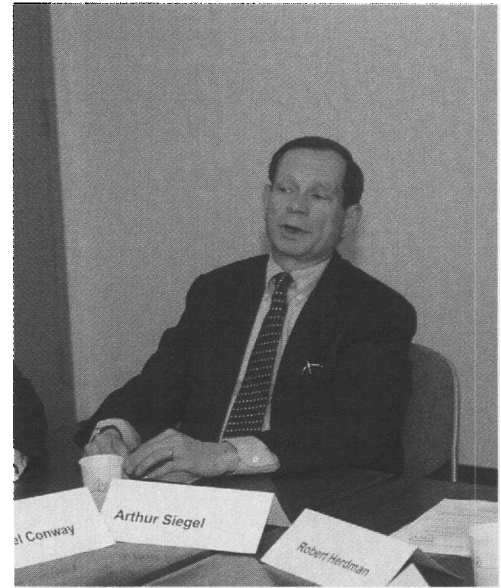
**Siegel:** Be sensitive to appearances.

### Consulting Services and Industry Specialization

**CPAJ:** *The Kirk Panel that issued the report, Strengthening the Professionalism of the Independent Auditor, began its work because of criticism by the SEC Chief Accountant that auditors were not acting with the appropriate level of independence and objectivity. It concluded by making a number of observations and expressing concerns about developments in the accounting profession. One of those areas of concern was the growing percentage of nonaudit services in CPA firms and the threat that posed to firms in keeping the audit activity separate and distinct—holding auditing to a higher standard than that of consulting. Ed, your firm has over the years expanded your consulting services to the point they are a significant part of your firm's activities. What do you think about the risk that audit services could somehow lose stature and therefore not receive the proper resources and attention?*

**Martin:** Certainly there is a risk. But we pay a lot of attention in our firm to achieving the proper mix and allocation of resources to all the services we provide, always with our eye on the professional responsibilities and standards that guide us. Much of our consulting is not for audit clients. In those cases where we do provide consulting to attest clients, we are very careful to make sure objectivity and independence are maintained and the confidentiality of client information is protected. I think as a profession at large we have been able to balance our various services to the public without undermining the audit or attest aspect.

**Barnum:** Accounting firms can and should be able to provide both attest and



*"We do it because, first and foremost, it is the right thing to do."*

consulting services. We also are very careful to operate within the bounds of professional standards where attest clients are involved.

**Siegel:** The POB has asked the AICPA to issue better guidance as to the types of consulting services firms can provide to attest clients without impairing independence. The SECPS has taken that task on, and a task force has been formed to address the issues. A report is due out by the end of the year.

**Herdman:** For years and years we have been doing tax consulting for our clients, but that has never become an issue. For the life of me, I cannot ever see not paying proper attention to the audit function. The way we perform our audit work is the basis for the overall reputation and perception of our firm by the public. I don't see any potential for disinvestment or a downgrading of audit into a secondary line.

**Temple:** I think the potential is there. Let's assume you have a client for which the consulting fees are twice the audit fee.

**Siegel:** I don't know why the size of the audit fee is a question.

**Temple:** I could see where the audit partner could be under pressure to be less skeptical where the continuation of a large consulting engagement might be at risk.

**Siegel:** I don't see any difference between a check coming in for audit services and one that comes in for consulting. It's still cash. The size of the fee or fees in relationship to the office of the firm may be a factor. I don't see the mix of services for a client as being a factor.

**CPAJ:** *The Kirk panel goes on to suggest that industry specialization has the potential of downgrading or deemphasizing the place of the audit as the paramount activity of CPA firms. Firms can get too close to the industry and lose objectivity and a sense of perspective as to the public benefit of the audit.*

**Siegel:** At my firm we are largely organized by industry. We believe this brings additional benefits to our clients and the investing public. However, when it comes to the difficult accounting and auditing decisions, those are made by a national function, which is separate and apart from any industry influences.

**Temple:** I think the audit function is better served if the staff assigned has knowledge of the intricacies of complex, specialized industries in which the client conducts its business. We have two distinct divisions—commercial and financial services. I wouldn't dream of having our divisions exchange roles. There is a difference between auditing an investment partnership and a manufacturing company. Clients are better served if our people are knowledgeable in their industry. Would you like a dentist to perform your eye surgery?

**Conway:** I'm not sure where the POB was coming from with regard to industry specialization. Somehow it seems to have envisioned us becoming beholden to a particular industry. But like it or not, clients more and more are expecting specialization whether that be by industry or some other body of knowledge or discipline.

**Weinstock:** A common misconception is that clients in a given industry all think alike. That is very often not the case.

**CPAJ:** *I would say as a group you do not see a problem with industry specialization.*

**Conway:** I can see some concern that a person or group of persons would get so narrow a view as to lose sight of what was happening in the rest of the business community. I don't see that as a real threat because, as Art pointed out, the overlay of a national office consulting group keeps

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**Siegel:** We are organized to protect against the kinds of problems the POB is concerned about.

**CPAJ:** *The Kirk report also went on to conclude that, to protect independence and the public, the board of directors—as opposed to management—should be the client. Where is this going? Are you trying to implement that recommendation?*

**Temple:** I think we need to make a distinction here relative to client size. In a small public company, typically management and board of directors are one in the same. The founders of the company are usually still managing the company. Where you have an independent board, I totally agree—this would normally be the case in a large well-established public company where public ownership is widespread.

**Siegel:** I would assume the POB was using the board of directors as the representative of the owners/shareholders of the company. I think the message is that the auditor should always recognize the public responsibility that transcends the relationship with management. As the POB acknowledged in a later report, the auditor must have a relationship with management as well as the board of directors. That is in the public interest.

**Martin:** It is really a subset of the skepticism issue. An effective audit depends on the cooperation of, and a good working relationship with, management. However, the auditor must always keep in mind the interests of the users of the audit and be



*"I would say as a group you do not see a problem with industry specialization."*

client. I think the subsequent word from the panel is that it never felt management should be excluded from the relationship.

**CPAJ:** *The Kirk panel goes on to recommend the independent auditor meet periodically with the board of public companies to review not only the acceptability of accounting principles but also on the quality of those principles. This sounds like a great idea, but it would obviously be difficult to monitor and implement. How have your firms reacted to the recommendation?*

**Herdman:** We examined our current practices after the recommendation was made and reached the conclusion we are engaging in these kinds of discussions for

ation is already a best practice, especially for our larger clients, and we are spreading the word as to the desirability of doing this for all of our public clients.

**CPAJ:** *The Kirk recommendation is to have the dialogue, but that the company is not bound to adopt the "better way." It can continue existing practices as long as they meet professional standards.*

**Siegel:** That is correct. The idea is to help improve the overall corporate governance by informing and educating boards and audit committees.

**Martin:** We are seeing in the marketplace ever-increasing board involvement in financial-reporting matters and much more active and informed committees—finance, audit—that deal with financial reporting. This is particularly evident in the not-for-profit field. Board members are no longer content to merely take up space around a table. They want to be informed and to meet their responsibilities as capably as they can.

**Temple:** I think it is easier to say than do. Evaluating the best or most appropriate accounting is difficult enough among accountants. Trying to discuss the nuances of sophisticated accounting alternatives with laypersons would not be productive.

**Conway:** I think we have to interpret that recommendation as an encouragement for an open and frank dialog among the board, management, and the auditors about accounting principles

*The auditors must have a relationship with management as well as the board of directors. That is in the public interest.*

prepared to bring issues to the attention of the government board, based upon the facts at hand and the exercise of professional judgment.

**Herdman:** For our large public clients, we view the client as being management, the board, its audit committee, and its shareholders. I think it is an oversimplification to view the board as being the

a very high percentage of our clients, but principally with audit committees. We have instituted a policy, not as a matter of standards, but as a matter of best practices that this kind of communication take place between our audit partners and the audit committee and management.

**Siegel:** We have done the same thing. Our belief is that this type of communi-



being employed. I think the report's use of the term "most appropriate accounting" is unfortunate. Often the most appropriate approach is in the eye of the beholder. I can't wait until my partner X encounters a board member on company A who is also a board member on company B, where my partner Y may have discussed a "most appropriate" principle that partner X may not agree with.

**Herdman:** I think the potential for situations of that kind is less important than having the discussion. In the final analysis, all decisions have to be made within the context of the particular client. We as a firm are not going to expend the effort to rank or score accounting principles as to which are more appropriate. Ultimately it comes down to the circumstances at the particular client.

**CPAJ:** *This brings us to the end of our discussion on the recommendations to strengthen the work firms are doing in their auditing practices. What I am hearing is that there are incremental changes being made that should have the end result of improving the quality and responsiveness of audits as they relate to the needs of the public and users.*

**Siegel:** The improvements in the technology and methodology of doing audits in recent years has been extraordinarily dramatic. It is appropriate to sit back and reflect on those improvements, never satisfied, however, because there is more to do. The improvements we have made in the last several decades are ones in which we can be very proud.

**CPAJ:** *Thank you panelists, for participating.* □

## ABOUT THE PANELISTS



**John T. Barnum, CPA,** McGladrey Pullen LLP. I am in the national office of our firm (Minneapolis) where I am the partner in charge of auditing. McGladrey is the eighth largest accounting firm in the U.S. I am also a regional coordinator of audit services in Minnesota, New York, and Connecticut.



**Michael A. Conway, CPA,** KPMG Peat Marwick LLP. I am the senior professional practice partner of the firm and head up our department of professional practice. About half of our U.S. revenues are from audit services. I served on the FASB's Emerging Issues Task Force and am the immediate past chairman of the AICPA's SEC Practice Section Executive Committee. I have been with KPMG for over 30 years.



**Robert Herdman, CPA,** Ernst & Young LLP. I'm the vice chairman of accounting and professional matters. I believe our firm in the U.S. does about 14,000 audits, 2,500 of which are of companies whose securities are publicly traded. Except for a short break as an accounting fellow at the SEC, I have been with E&Y since the early 1970s. I have been a member of FASB's Emerging Issues Task Force and am currently a member of the AICPA's SEC Practice Section Executive Committee.



**D. Edward Martin, CPA,** Richard A. Eisner & Company LLP. Our firm is largely a New York based firm with a small practice in New Jersey and Massachusetts. We have roughly 55 partners and a professional staff of 300. I work in the litigation services group and head up our not-for-profit speciality group. All my career, which has included service in national firms, I have been involved in the technical end of the practice. I am presently serving on committees of both the AICPA and the NYSSCPA. I am a past member of the Auditing Standards Board.



**Arthur Siegel, CPA,** Price Waterhouse LLP. I have been with Price Waterhouse since 1960. For seven years I was vice chairman in charge of PW's accounting and auditing practice. For the last year I have been in charge of our strategic thinking activities relative to our audit practice and the profession. I have been a member of FASB's Emerging Issues Task Force and advisory council and am currently chairman of the AICPA's SEC Practice Section Executive Committee.



**Raymond Temple, CPA,** Rothstein, Kass & Company, P.C. I am a principal and the quality-control director of my firm, located in New Jersey. We have 14 partners and approximately 100 professionals. Approximately 75% of our fees are derived from audit engagements. I chair the New Jersey Society of CPAs' accounting and auditing committee and was recently appointed to the AICPA's SEC Peer Review Committee. Earlier in my career I was on the technical staff of the AICPA.



**Leonard Weinstock, CPA,** Cornick Garber & Sandler, LLP. I am the director of accounting and auditing services for my firm, a medium-sized firm of about 50 professionals with offices in midtown Manhattan and on Long Island. We have a diverse practice, of which about 50% is accounting and auditing services, including a number of compilations and reviews. For most of my 30 plus years in public accounting, I have been involved with the review function. I have been active in the NYSSCPA, principally serving on many technical committees including several chairmanships. □