

From: David Tweedie
Sent: Tuesday, March 11, 2014 6:42 PM
To:
Subject: Auditor signing in his own name on behalf of the firm.

Dear Sirs,

I am surprised to learn that the above issue is still a matter of controversy in the world's largest capital market despite having been introduced in other jurisdictions several years ago. From my earlier experience as Chairman of the UK's Auditing Practices Board I always expect the USA to be a leader in improving the audit and not a reluctant follower.

I firmly believe that the requirement for the auditor to sign in his own name on behalf of the firm improves audit quality and helps the market to identify and weed out weak auditors.

As a former senior national technical partner of one of the now Big 4 in the UK, I can remember the anger and frustration felt by partners in the firm some 25 years ago when a senior audit partner was generally too 'client friendly' resulting in his audits twice embarrassing the firm in court actions. We were firmly of the view that had the partner responsible been identified in the audit report on the initial occasion, the second case would not have been necessary as investors and the company would not have wished him to have been in charge of the audit. As it was we all felt tainted by the legal process.

The identification of the partner responsible for the audit will focus his mind and give him a greater sense of responsibility -there is no hiding behind the firm's name. He will make absolutely sure that all parts of the audit are done to his satisfaction -including those parts of the audit undertaken by other firms. Ultimately his reputation is on the line. If he is not satisfied with the thoroughness of others involved in the audit he should refuse to sign until he is convinced that the audit evidence is sufficient to allow him to come to an opinion.

In my former firm we even required the manager responsible for the audit to sign a form stating that, if he were a partner, he would be prepared to sign the audit report. The purpose of the form was exactly the same as a requirement for the audit partner to sign in his own name. It reminded him of his personal overall responsibility for his stewardship of the audit.

Yours faithfully,

David Tweedie

Sent from my iPad