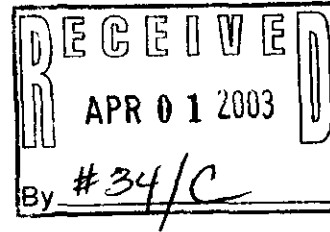




# CROWE CHIZEK

March 25, 2003

Public Company Accounting Oversight Board  
Attention: Office of the Secretary  
1666 K Street, NW  
Washington, DC 20006-2803



Docket No. 001

We are pleased to comment on the Board's "Proposal of Registration System for Public Accounting Firms". Our comments follow in the general order of the proposed rule.

## 1. Form 1 Part I Item 1.2 Applicant Contact Information

A registering firm is asked to provide the address of its "headquarters office". What is the primary factor in this determination? Our Firm has multiple offices and management in various different offices. For example, our CEO and certain direct support personnel are located at one of our Indianapolis, Indiana offices and our COO is located at our Oakbrook, Illinois office. Those are the offices those two individuals were in before they were selected as CEO and COO, and future CEOs and COOs may be located in other offices. Management meetings are held at various different locations or by teleconference. We have a concentration of administrative personnel in one of our South Bend, Indiana offices. Our other South Bend office contains mostly professionals and the national office of Technical Standards personnel who will be listed as the primary contact in Item 1.3. We do not refer to any particular office as the "headquarters".

## 2. Form 1 Part I Item 1.6 Associated Entities of Applicant

A registering firm is asked to provide information about associated entities that engage in the practice of public accounting. If the firm registering is a subsidiary of another entity ("holding company"), is information as to the holding company to be provided even if the holding company does not itself "engage in the practice of public accounting"?

## 3. Form 1 Part I Item 1.8 Required Licenses and Certifications

A registering firm is asked to indicate if individual accountants who participate in audits have all licenses "required". While many of the personnel in a firm may have licenses, we think it is possible that most of the personnel in a firm may not be "required" to have those licenses. Presumably if the audit partner has a license, there then is no additional requirement that those that perform the audit under the direction of this partner are "required" to be licensed. In fact, many firms use personnel on audits that may not yet have passed the CPA exam or are not yet eligible for a CPA license due to having not yet met the experience requirements. Are we to presume that we should respond only for the professionals that sign the audit reports and have the final responsibility for the audit engagement? Or do you want all licenses held even if they are not "required". Further, it also seems that this question may be answered "yes" or "no", and that the detail of such licenses is only required under Item 7.1.

4. Form 1 Part II Items 2.1-2.4 Listings of Applicant's Public Company Audit Clients and Related Fees

These sections call for registering firms to provide information as to issuers for which audit reports are prepared or issued during the specified calendar years. We assume this is based on the date of the audit report itself and not on the date of the financial statements covered by that report. Thus for item 2.1 we assume that if a firm registers during calendar year 2003 the "preceding calendar year" would be 2002 and thus an audit report issued in early 2002 for December 31, 2001 year-end financial statements would be listed. It would help if this could be clarified.

5. Form 1 Part II Items 2.1 Issuers for Which Applicant Prepared Audit Reports

Questions (d) through (g) call for information regarding fees for the issuer's fiscal year. We note that if fee information for 2001 is to be provided (see prior comment), this fee information for 2001 may not have been recast by issuers into the new Schedule 14A categories of audit, other accounting, and tax services, since these new proxy requirements are not effective until May 6, 2003.

6. Form 1 Part II Items 2.1-2.2 Issuers for Which Applicant Prepared Audit Reports ...

These sections call for registering firms to provide information as to issuers for which audit reports are prepared or issued during the specified calendar years. If a firm registering has merged with another firm, acquired another firm, or divested a segment of its firm, during to or subsequent to the period covered, how should the acquiring firm report audit reports issued by its predecessor or acquired or divested firms?

7. Form 1 Part II Items 2.1-2.4b Issuers standard industry code (SIC), as most recently disclosed in any such filing

These sections call for registering firms to provide the SIC code of the issuer as the issuer has "most recently disclosed" in its filings with the Securities and Exchange Commission. We suggest allowing registering firms to provide the SIC code from the filing that contains the audit report being covered. Some registrants change their businesses over time, are acquired by other entities, divest of operations, and so on, any of which may change the SIC code for the issuer. The "most recently disclosed" SIC code might describe today's business of the issuer, but it may not describe the SIC code of the business that was audited in the past. Also, searching for the "most recently disclosed" SIC code may take unnecessary time.

8. Form 1 Part III Item 3.1b-e Fees received by applicant

This section calls for the registering firm to provide fee information. The registering firm may have had a merger with another firm, acquisition of another firm, or divestiture of a segment of the firm, or otherwise have been reorganized or restructured. The firm that is registering may not have any revenue in its most recently completed fiscal year because it may be the successor to another firm, or the information may have significantly changed due to the merger or disposal. It would be helpful if you could clarify how historical information should be provided in these cases.

9. Form 1 Part III Item 3.1b-e Fees received by applicant

This section calls for the registering firm to provide fee information as to "fees received". Information as to "fees received" appears to be cash collection information, and will not link up with proxy disclosures which are "fees billed". It also will differ from Part II Items 2.1 and 2.2, which ask for information as to "fees billed", rather than "fees received." Assume a firm has a March 31 fiscal year and audits an issuer with a calendar year-end. The service for the December 31, 2002 audit may be provided in February 2003 (and thus included in the proxy statement as pertaining to the 2002 audit), the service may be billed in March 2003 (and thus reported under Item 2.2 as fees billed for 2002), and collected in April 2003 (and

thus reported under Part III as part of the fees received for the firm fiscal-year ending March 31, 2004.) We suggest using a "fees billed" concept in this item.

10. Form 1 Part VI Item 6.1a Existence of Disagreements With Issuers

This section calls for information about reported disagreements where the registering firm is the former accountant. Some registering firms may have reported disagreements with issuers where they nevertheless remain the auditor. The requirement to "Indicate whether or not the applicant has been the former accountant with respect to any disclosure of a disagreement with an issuer" appears to require reporting only those disagreements where the registering firm is no longer the auditor, and to exclude other disagreements.

11. Form 1 Part VIII Item 8.1b Consents to Cooperate with the Board

This section calls for obtaining consents to cooperate from all associated persons. We suggest clarifying the extent to which such consents must be obtained. Item 8.1b refers to "associated persons", and elsewhere in the proposal "associated persons" is defined as "in connection with the preparation or issuance of any audit report", and defines "audit report" as pertaining to issuers. Hence, it may appear that this requirement for the consents may be limited to persons that participate in the preparation or issuance of an audit report for an issuer. However, if the extent is intended to be broader, this should be clarified.

12. Form 1 Part VIII Item 8.1c Consents to Cooperate with the Board

This section calls for obtaining consents to cooperate from all associated persons. The proposal in Section 1001 (m) refers to associated persons as those who "... in connection with the preparation or issuance of any audit report, ... participates as agent or otherwise on behalf of such accounting firm in any activity of the firm". Does this pertain to all audits or just audits of issuers? Does this mean any activity of the Firm or any activity of the Firm related to the audit of issuers? Some personnel in a firm, such as an estate tax consultant, might perform only activities that do not involve them in audits, or that do not involve them in audits of issuers. We suggest clarifying the scope of those from whom the consents must be obtained.

13. Form 1 Part VIII Item 8.1 Consents to Cooperate with the Board

The note to this section calls for obtaining the consent within 45 days of submitting the application. This requirement to have the consents "secured by the applicant within 45 days of submitting this application" may not allow enough time to reasonably obtain these consents. A number of the people who must provide consents may currently be on maternity leave, they may be on extended vacation, they may work only during the certain months of the year, or they may be away on military service. We suggest increasing the time limit and also allowing consents to be obtained when a person returns to active work.

Further, if the Board requests more information of a registering firm so that a firm has to resubmit its application, or if the payment of the registration fee takes a few additional days, it may happen that consents will become more than 45 days old and have to be renewed, again bringing into focus the same issues regarding people away from the firm for a time.

If you have any questions about these comments, please call Jim Brown at (574) 232-3992. Thank you for the opportunity to comment.

Sincerely,

*Crowe, Chizek and Company LLP*

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