

4-11-2003

## Letter sent from Jerry D. Sullivan to Charles D. Niemeier, William H. Donaldson, David M. Walker, and W.J. "Billy" Tauzin

American Institute of Certified Public Accountants. SEC Practice Section. Transition Oversight Staff

Jerry D. Sullivan

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### Recommended Citation

American Institute of Certified Public Accountants. SEC Practice Section. Transition Oversight Staff and Sullivan, Jerry D., "Letter sent from Jerry D. Sullivan to Charles D. Niemeier, William H. Donaldson, David M. Walker, and W.J. "Billy" Tauzin" (2003).

*Association Sections, Divisions, Boards, Teams*. 231.

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April 11, 2003

The Honorable Charles D. Niemeier  
Acting Chairman  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006

The Honorable William H. Donaldson  
Chairman  
Securities and Exchange Commission  
Judiciary Plaza  
450 Fifth Street, NW  
Washington, DC 20549

The Honorable David M. Walker  
Comptroller General  
General Accounting Office  
441 G Street, NW  
Washington, DC 20548

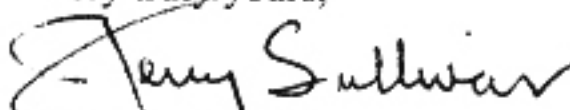
The Honorable W. J. "Billy" Tauzin  
Chairman  
The House Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

Gentlemen:

On August 30, 2002, the Executive Director of the Transition Oversight Staff (formerly the Public Oversight Board staff) and the staff of the Panel on Audit Effectiveness (the O'Malley Panel) wrote the Chairman and the Chief Accountant of the SEC on the subject of increasing public confidence in financial reporting. That letter, titled "Increasing Public Confidence in Financial Reporting: A Call to Reevaluate Auditors' Responsibilities," conveyed the signers' belief that the SEC should request the Public Company Accounting Oversight Board, as one of its first projects, to clarify the auditing profession's responsibility to detect fraudulent financial reporting.

In light of recent press reports related to allegations of accounting fraud perpetrated at HealthSouth and Ahold, I believe that the views expressed in the August 30, 2002 letter may be even more relevant today than they were when the letter was written. I am concerned that the letter may not have reached the appropriate parties. Accordingly, I have attached a copy of the letter and I again request that the PCAOB examine and reevaluate the level of assurance that the auditor should provide in a financial statement audit with respect to the detection of fraudulent financial reporting.

Very truly yours,

  
Jerry D. Sullivan  
Executive Director

Attachment