

**The Nightly Business Report**  
**Auditing the Auditors**  
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The indictment of Arthur Andersen underscores an unfortunate fact. Trust in the auditing profession is at its lowest point in years. This is a problem for directors, investors and others who rely on the auditor's opinion of financial statements.

Recently, I was a panelist at a roundtable sponsored by the Securities and Exchange Commission. The subject was auditor oversight. Right now there is no effective oversight, and we need a new tougher regime. President Bush supports the concept. Harvey Pitt, the SEC chairman, has made a specific proposal, and Congress is considering alternatives.

I support the idea of a private-sector body, such as Chairman Pitt has proposed, under the purview of the SEC. Its board would have a substantial majority of members from outside the accounting profession. The same would be true of its funding. It would set standards for quality and ethics. Any firm auditing a public company would have to register with this body, adhere to its standards, and be reviewed on a timely basis for conformance. And, the board would have disciplinary authority.

Chairman Pitt thinks he can create this body without legislation. Legislation takes time, and time is what we do not have. I urge the SEC chairman to press on with his proposal. Creating this new oversight body is a crucial way to bring back trust in the auditing profession.

I'm Barbara Hackman Franklin