



Accountants Global Network

"Sharing Specialized Knowledge and Support"

December 11, 2006

Employee Benefit Plan Audit Quality Center
American Institute of CPAs

RE: Employee Benefits Security Administration
29 CFR Part 2509
Independence of Employee Benefit Plan Accountants
Response on behalf of AGN International-North America, Inc.

To Whom It May Concern:

Overview

AGN International-North America, Inc. (AGN-NA) was formed in 1997, and its predecessor associations date their histories back to the mid 1960's. AGN-NA is licensed as the North American Region of AGN International, Ltd, a worldwide association of independently-owned accounting and business consulting firms.

AGN-NA is an association of 52 independently-owned and operated CPA/CA firms, which are located in 31 US states, 3 Canadian Provinces, Mexico and Puerto Rico. In aggregate, the North American firms' billings totaled \$500 million (USD) in 2005. The member firms also audit over 1000 plans. AGN-NA operates under the premise that by collaborating, independent member firms can more easily and quickly reach their growth and quality goals.

Response

Over the past several years, the AICPA has worked with the EBSA to assist in improving audit quality and educating the profession on the EBSA requirements of the independent auditor.

The AICPA has gone to great lengths to address independence rules over the last few years. AGN-NA member firms believe that the EBSA should adopt the rules of the AICPA for the following reasons.

The AICPA rules represent a comprehensive policy that the profession has followed consistently over several years. The AICPA rules are more specific and current than the EBSA rules. Also, they are less restrictive. In addition, it is beneficial to the profession to have two governing bodies following the same independence rules. This allows a consistent basis for accounting firms to monitor their independence.

In regards to financial interest, AGN-NA member firms again feel that the AICPA rules relating to this manner should be followed. Also, family attribution should not apply unless there is significant influence with regard to family members. We do not feel that any standard disclosures to plan clients regarding the accountant's firm and independence are needed. Our auditor's report indicates that we are independent. Finally, we do not believe the EBSA needs to specifically address "appearance of independence". The AICPA rules define the services that a firm can provide that would not impair their independence. We would suggest that the EBSA clearly define the difference between organizing records versus creating records. Other than the items we noted, we agree with those services listed and request that the EBSA adopt those same guidelines relating to services provided by a firm.

The EBSA rule relating to independence covering the period of professional engagement, at the date of the opinion and during the period covered by the financial statements is too restrictive. We feel that the time frame should exclude "the period covered under the financial statements." In addition, with regards to the phrase, direct financial interest, we feel this is too restrictive and should follow the AICPA's guidance of significant influence.

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The EBSA has posed the question of whether there should be provisions for plans that have audit committees to approve the auditors. In many instances audit committee's do not oversee the employee benefit plan audits of the companies. We do not feel that there is any benefit to having an audit committee approve our engagements as they are generally not involved in the engagement. The more appropriate approval would be by the plan sponsor.

With regards to the inquiry of the Department relating to procedures in referring accountants to the state licensing boards, we feel that following the AICPA's guidelines in these instances is sufficient.

Conclusion

Overall, we believe that the EBSA should consider adopting the AICPA's independence rules with consideration of the items noted above. We feel that the consistency in rules between the two organizations will improve audit quality.

Very truly yours,
AGN INTERNATIONAL – NORTH AMERICA, INC.

A handwritten signature in black ink that reads "Rita J. Hood". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rita J. Hood, Executive Director
AGN International – North America, Inc.

A handwritten signature in black ink that reads "Michelle H. Buckley". The signature is cursive and elegant, with a long horizontal stroke at the end.

Michelle Buckley, Vice President
Meaden & Moore, Ltd.

A handwritten signature in black ink that reads "Lisa S. Hastings". The signature is cursive and somewhat compact.

Lisa S. Hastings, Partner
Faw, Casson & Co., LLP