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January 26, 2007

Mr. Bradford Campbell
Acting Assistant Secretary
Office of Regulations and Interpretations
Employee Benefits Security Administration
US Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Attn: Independence of Accountant FRI (RIN 1210-AB109)
campbell.bradford@dol.gov

Re: Advisability of Amending Interpretative Bulletin 75-9

Dear Mr. Campbell:

We appreciate the opportunity to offer comment to the Employee Benefits Security Administration of the US Department of Labor ("Administration") on its request for information concerning the advisability of amending Interpretative Bulletin 75-9 ("Bulletin"). The National Association of State Boards of Accountancy's ("NASBA") mission is to increase the effectiveness of state boards of accountancy. In furtherance of that goal, NASBA's Regulatory Response Committee (Committee) offers the following comments on the request for information ("Request").

Question 1. Should the Department adopt, in whole or in part, current rules or guidelines on accountant independence of the SEC, AICPA, GAO or other governmental or nongovernmental entity?

The Committee's overriding recommendations are: (1) that the Department should adopt the independence rules and guidelines of a governmental organization, and (2) that the organization should be the General Accountability Office (GAO). The Committee believes that it is appropriate for government agencies to use government prepared standards. The Committee further believes that it would be helpful to all if government agencies worked together to have uniform independence standards. The Committee understands that the GAO standards are currently being used by more than one federal government agency or organization.

The Committee does not suggest that the standards of the Securities and Exchange Commission, or the Public Company Accounting Oversight Board, be presently adopted only because of the public company focus of those standards.

Also, the Committee believes that standards set by a private sector organization, including the American Institute of CPAs, should not be adopted because changing such standards would be under the sole control of the private sector organization. Changes to independence rules by the organization could potentially be completely out of harmony with the views about independence and protection of the public interest held by the Department and members of the public sector accountability community. Should such a divergence occur, the Department would then have to take some action to announce that it was not adopting the independence rules' changes. This possible conflict is avoided if the Department adopts the GAO's standards.

Question 14. Should the Department adopt special procedures to refer accountants to state licensing boards when Department concludes that an accountant was not independent?

The Committee recommends that special procedures be adopted by the Department under which the Department will refer accountants to state licensing boards for discipline when the Department concludes that the audit of an employee benefit plan has been conducted by an accountant who was not independent. The Committee also suggests that state boards be advised of all situations where actions for discipline could be commenced against the accountant by the state board.

If the Department decides to adopt special procedures, NASBA would be willing to assist the Department with the specifics.

Question 15. Should the accountants and accounting firms be required to make any standard disclosures to plan clients about independence?

The Committee believes that disclosures to plan clients about the accountant's or the accounting firm's independence are not needed.

By accepting the audit engagement, the accountant has asserted that the accountant and the accounting firm are independent. The accountant's report is generally headed "Report of Independent Auditor." Accountants undertaking a governmental audit are required under professional practice standards to consider whether they are independent each time an engagement is undertaken, whether new or continuing.

The Committee believes that this is sufficient communication to plan clients that the accountant is independent. If the accountant subsequently learns that he or she or the firm was not independent, the accountant would then be required to resign the account if a report has not been issued, or resign the account and ensure notification of those relying on the accountant's report if a report has been issued.

We appreciate the opportunity to respond to your questions.

Sincerely,

Wesley P. Johnson, CPA
NASBA Chair

David A. Costello, CPA
NASBA President & CEO