

September 7, 2007

Public Company Accounting Oversight Board  
Office of the Secretary  
1666 K Street, N.W.  
Washington, DC 20006-2803

By e-mail: [comments@pcaobus.org](mailto:comments@pcaobus.org)

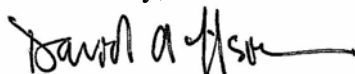
**Re: Proposed Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence**

**PCAOB Release No. 2007-008**  
**PCAOB Rulemaking Docket Matter No. 017**

The New York State Society of Certified Public Accountants, representing 30,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the proposed rule referenced above.

The NYSSCPA's Auditing Standards and Procedures Committee deliberated the proposed rule and drafted the attached comments. If you would like additional discussion with us, please contact Robert W. Berliner, the Chair of the Auditing Standards and Procedures Committee, at (212) 503-8853, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



David A. Lifson  
President

Attachment



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**COMMENTS ON PCAOB PROPOSED RULE 3526**

**Communication with Audit Committees Concerning Independence**

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**Principal Drafters**

**Robert W. Berliner  
Anna Zubets**

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## **NYSSCPA Staff**

Ernest J. Markezin

## NYSSCPA COMMENTS ON PCAOB PROPOSED RULE 3526

### Proposed Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence

#### GENERAL COMMENTS

We agree with the proposed rule as it relates to independence communications during the engagement period. We also agree that the registered public accounting firm should be required to provide information about its independence to the audit committee before being engaged as the company's auditor. However, we recommend that the registered public accounting firm should be required to confirm its independence in writing to the audit committee prior to accepting an initial engagement as well as annually during the engagement period.

We recognize that, prior to performing an audit of the financial statements of the issuer, the auditor cannot be expected to be aware of all relationships that may reasonably bear on its independence. Therefore, the auditor's letter to the audit committee should state that, based on the information provided to it by the issuer, it believes that it would be independent of the issuer if it were engaged as auditor. This information would assist the audit committee in making its choice of auditor.

#### MATTERS ON WHICH SPECIFIC COMMENTS WERE REQUESTED

1. **Would proposed Rule 3526 assist registered firms and audit committees in fulfilling their respective obligations with respect to auditor's independence?**

Yes, the proposed independence communication requirements would help registered firms and audit committees in fulfilling their respective obligations.

2. **Would proposed Rule 3526 assist audit committees in making a decision regarding the appointment of a new auditor?**

Yes, the proposed initial communication would help the audit committee in selecting the issuer's auditor.

3. **Should proposed Rule 3526 require the registered public accounting firm to communicate any additional matters on auditor independence to the audit committee?**

As discussed in the general section above, we recommend that prior to accepting an audit engagement, a registered public accounting firm should provide an audit committee with a letter confirming its independence. The letter should communicate that, based on the information provided by the issuer, the firm believes that it would be independent of the issuer if it became its auditor.

4. **To what extent if any, are accounting firms already making the kinds of communications that would be required by proposed Rule 3526?**

The Committee does not have sufficient information to respond to this question.

5. **Should the initial communication required under proposed Rule 3526(a) be limited to relationships that existed during a particular period? If so, why, and how long should the period be?**

The initial communication should apply, at a minimum, to those relationships that existed during the audit period. Further, the rule should require the accounting firm to consider communicating any relationships that existed prior to the audit period if a reasonable third party may perceive such relationships as bearing on the auditor's independence.