December 8, 2006

Office of Regulations and Interpretations,
Employee Benefits Security Administration (EBSA)
Room N-5669
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Attn: Independence of Accountant RFI (RIN 1210-AB09)

Transmitted via email: e-ori@dol.gov

Dear Sir or Madam,

Grant Thornton LLP ("Grant Thornton" or the "Firm") appreciates the opportunity to provide the Department of Labor (DOL) comments on its request for information (RFI) relating to auditor independence rules.

Below are the questions included in the DOL’s RFI and our Firm’s comments:

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? If the Department were to adopt a specific organization’s rules or guidelines, what adjustments would be needed to reflect the audit requirements for or circumstances of employee benefit plans under ERISA?
Firm Comment:

The DOL should consider adopting the AICPA’s Independence Rules, since the rules apply to all entities. Further, we would point out that the Government Accountability Office (GAO) rules use the AICPA independence rules as their base independence rules, then go further to discuss personal and other impairments, as well as prohibited non-audit services.

We believe that the majority of employers with employee benefit plans (EBPs) subject to the audit requirement do not file with the US Securities and Exchange Commission (SEC). In addition, not-for-profit or governmental entities’ EBPs are not subject to the GAO rules. As discussed in the AICPA independence rules and interpretations, the independent auditor of an employee benefit plan (EBP) audit client is required to select the most restrictive of all applicable independence rules when other independence rules also apply.

The DOL would need to address the AICPA independence and ethical interpretations dealing with EBPs, specifically:

- Clarification as to whether the rules apply to both the EBP and the plan sponsor and whether the independent accountant needs to be independent of both the plan and the plan sponsor. This may include whether a “key position” is defined at only the EBP level and/or whether it would include a “key position” at the plan sponsor. Since a large number of EBPs use third-party custodians and administrators, clarification is needed on whether an immediate or close family member holding a key position at the plan custodian or administrator would impair the accountant’s independence.

- Interpretation 101-1 - whether an immediate family member of a covered member that is a partner or manager who provides ten or more hours of non-attest services to the EBP or the plan sponsor or who is a partner in the office in which the lead partner on the EBP and/or audit of the plan sponsor primarily practices may participate in the EBP. This would also need to address any limitations on financial interests in the plan sponsor.

- Interpretation 101-1 - lending relationships with the EBP, such as permitted participant loans.

- Interpretation 101-3 - performance of non-attest services (bookkeeping services, payroll and other disbursements, actuarial/valuation services, and benefit plan administration). We note that in the majority of instances, the accounting firm is engaged to draft the financial statements for management and the trustees’ review. As permitted by the GAO independence rules, we would recommend that to ensure quality reporting the DOL continue to permit the independent accountant to be engaged to assist in drafting the EBP financial statements.
• Interpretation 101-8 – whether the DOL would extend the independence requirements beyond the plan sponsor and the EBP to non-client affiliates of the plan sponsor, such as brother-sister entities or a corporate parent.
• Interpretation 101-12 with respect to permitted cooperative arrangements.
• Interpretation 101-14 with respect to alternative practice structures.
• Interpretation 101-15 with respect to retirement, savings, compensation, or similar plans.

2) Should the Department modify, or otherwise provide guidance on, the prohibition in Interpretive Bulletin 75-9 on an independent accountant, his or her firm, or a member of the firm having a “direct financial interest” or a “material indirect financial interest” in a plan or plan sponsor? For example, should the Department issue guidance that clarifies whether, and under what circumstances, financial interests held by an accountant’s family members are deemed to be held by the accountant or his or her accounting firm for independence purposes? If so, what familial relationships should trigger the imposition of ownership attribution rules? Should the ownership attribution rules apply to all members of the accounting firm retained to perform the audit of the plan or should it be restricted to individuals who work directly on the audit or may be able to influence the audit?

Firm Comment:

In the event that the DOL adopts the AICPA independence rules, the term “covered member” would apply to the audit engagement team, partners and managers providing professional services, other partners in the office where the lead engagement partner is principally located, those individuals in the auditor’s chain of command who have the ability to influence the audit engagement, and the auditing firm and its plan. As indicated in AICPA Interpretation 101-1, the financial interest rules apply to a covered member and that member’s immediate family. We believe that the DOL should encompass financial interests in the plan and the plan sponsor in their independence rules.

Additionally, the AICPA has a restriction against the collective financial interest of any partner or professional in the auditing firm or his/her immediate family member owning 5% or more of the plan sponsor. We assume that the DOL would limit the collective participation in the EBP to 5% of the plan’s net assets.

In applying the financial interest rules, we would encourage the DOL to adopt the AICPA’s definition of the “Period of the professional engagement” (ET Section 92.24) as follows:
The period of the professional engagement begins when a member either signs an initial engagement letter or other agreement to perform attest services or begins to perform an attest engagement for a client, whichever is earlier. The period lasts for the entire duration of the professional relationship (which covers many periods) and ends with the formal or informal notification, either by the member of the client, of the termination of the professional relationship or by the issuance of a report, whichever is later. Accordingly, the period does not end with the issuance of a report and recommence with the beginning of the following year's attest engagement.

The current restriction that applies to the client's fiscal period prior to the commencement of the period of the professional engagement makes it difficult for EBPs, especially plans where the plan sponsor is widely traded, to change their auditors if all partners, principals, or shareholders in the auditing firm and all professionals in an office performing significant procedures can't have a financial interest in the plan sponsor.

The AICPA's financial interest rules, including the exception to permit certain covered members' immediate family members (that are not in a key position) to participate in the employee benefit plan coincides with the SEC's financial interest rules. In modernizing their respective rules in 2000 and in 2001, the SEC and AICPA modified the requirement that all partners in an auditing firm and every professional in an office could not have financial interests in an audit client. We believe that the DOL should modernize its independence rule as well, to be in line with the SEC and AICPA independence rules and permit consistency in the application. The DOL will need to indicate whether the financial interest restrictions apply to both the EBP and the plan sponsor.

3) Should the Department issue guidance on whether, and under what circumstances, employment of an accountant's family members by a plan or plan sponsor that is a client of the accountant or his or her accounting firm impairs the independence of the accountant or accounting firm?

**Firm Comment:**

Yes, the DOL does need to provide guidance with respect to employment-related relationships of the immediate family or close family members (with an audit client). While the AICPA and the SEC have identified employment-related relationships where an immediate family member or close family member of a covered member/person may impair independence of the auditing firm if the entity is an audit client, we believe that the AICPA independence rules, which encompass
family members in key positions or who have a material financial interest in the audit client, would be appropriate guidance. Since the majority of EBP audits do not file with the SEC, we would not encourage the DOL to conclude that an individual in an accounting role at the plan sponsor would impair independence. In applying the AICPA employment rules, the DOL would need to determine whether it would apply the AICPA’s key position definition to both the plan sponsor and the plan. The DOL would also need to address whether a family member’s key position at a third-party administrator or trustee would impair a covered member’s independence, and specify whether certain types of positions may impair independence or be in a position to influence the audit. For example, would the employment of a covered member/person’s immediate or close family member as a client representative or account representative at a third-party administrator impair a covered member/person’s independence?

4) Interpretive Bulletin 75-9 states that an accountant will not be considered independent with respect to a plan if the accountant or member of his or her accounting firm maintains financial records for the employee benefit plan. Should the Department define the term “financial records” and provide guidance on what activities would constitute “maintaining” financial records. If so, what definitions should apply?

**Firm Comment:**

Yes, the DOL needs to provide guidance to clarify and state what is meant by maintaining financial records (or bookkeeping) and describe what is considered “prohibited” or “permitted.” The DOL should take into account that the employee benefit plans primarily rely on third-party administrators and custodians who maintain the plan’s records on a transaction basis with general statements of activity. The employee benefit plans do not typically have their own employees in an accounting or finance role to assist them in maintaining separate books and records. Non-audit services that the DOL should specifically consider addressing include:

- preparing journal entries for the plan – Frequently, the administrators maintain the plan’s books and records. The plan sponsor does not maintain separate general ledgers or activity ledgers. Therefore, during the course of the audit, the accruals and other items are recorded through journal entries proposed by the auditing firms.
- preparing the trial balance for the plan, since the plan sponsor’s finance group rarely maintain separate general ledgers for the employee benefit plan transactions. They rely on the plan administrator for this function.
- providing input or guidance on valuation formulas/inputs.
- drafting the plan's financial statements and related footnotes because the plan sponsor's accounting and finance group may rely on the auditors to draft the financial statements for the ERISA filings.
- preparing supporting reconciliations - For example, plan to trust, trust to payroll, and accruals on contributions withheld and company matching, and participant loans that may be separately tracked.
- participant accounting records, including maintaining participant account information, allocating contributions or profit sharing contributions, earnings or losses, and expenses to participant accounts.
- calculating top-heavy and other limitations.

In defining bookkeeping-related services, the DOL should follow AICPA Ethics Interpretation 101-3 for a framework and the SEC's guidance on bookkeeping services that are "subject to audit" as part of the audit of an employee benefit plan.

5) Should the Department define the terms "promoter," "underwriter," "investment advisor," "voting trustee," "director," "officer," and "employee of the plan or plan sponsor," as used in Interpretive Bulletin 75-9? Should the Department include and define additional disqualifying status positions in its independence guidelines? If so, what positions and how should they be defined?

**Firm Comment:**

Yes, the DOL does need to provide further guidance with respect to other relationships with plan sponsor that may result independence impairment. The DOL prohibits any employment relationship with the plan sponsor, whereas the AICPA and the SEC prohibit employment in a key position or financial oversight role/accounting role, respectively. The DOL should consider following the AICPA and SEC's approach in defining individuals in a key or disqualified position with respect to the plan.

Additional guidance is needed regarding of whom else, besides the plan and plan sponsor, the accountant needs to be independent. For example, the DOL should consider whether the independent auditor needs to be independent of each of the plan's third-party service providers, such as the third-party administrator, custodian, and actuary. If such relationships impair independence, it would be difficult for employee benefit plan clients to find independent accounting firms. However, each relationship could be further evaluated to assure that no independence issues are present. For example, if an immediate family member or close family member of a covered member/person are in a key position or in a position to influence the audit at a third-party provider, independence would be impaired for the covered member/person. If the DOL adopts the Conceptual Framework for AICPA
Independence Standards (the Conceptual Framework), this independence framework specifically deals with appearance and provides a risk-based approach to addressing independence matters.

6) Interpretive Bulletin 75-9 defines the term “member of an accounting firm” as all partners or shareholder employees in the firm and all professional employees participating in the audit or located in an office of the firm participating in a significant portion of the audit. Should the Department revise and update the definition of “member?” If so, how should the definition be revised and updated?

**Firm Comment:**

Yes, the DOL should revise and update its definition of “member of an accounting firm” to more closely follow the AICPA “covered member” concept. Currently, the DOL independence guidance in 2509.75-9, defines the term “member” to mean all partners (or partner equivalents) or shareholder employees in the firm and all professional employees participating in the audit or located in an office of the firm participating in a significant portion of the audit. This makes it difficult, especially for plan sponsors that is the predominant industry in their locality, to find an accounting firm that will not have some professional employee in that locality who does not have an immediate family member participating in the plan.

The AICPA and SEC independence rules have a more expansive definition of “covered member” or “covered person,” respectively that includes immediate family members, such as spouses, spousal equivalents and dependents (including step relationships) of members, in addition to those parties identified in the DOL definition. These regulators have also defined situations where a close family member (for example, a parent, sibling, or non-dependent child of a covered member/person) may impair independence if that individual holds a certain key position with the client.

Alternatively, the AICPA and SEC independence rules recognize that non-partners in an office of the firm participating in a significant portion of the audit will not have the ability to significantly influence the audit if the professionals are not assigned as audit engagement members. Further, even the manager employees who provide 10 or more hours of non-audit services to the plan sponsor or in preparing the Form 5500 do not have the ability to significantly influence the audit results.

We believe that the adoption of a similar covered member approach would increase the ability of the employee benefit plan trustees to both obtain local accounting firms for their auditing needs and change accounting firms to obtain a firm that has expertise in employee benefit plan audits. We believe that the change in the
“member” definition will assist the DOL in its efforts to improve the audit quality of employee benefit plans.

7) What kinds of nonaudit services are accountants and accounting firms engaged to provide to the plans they audit or to the sponsor of plans they audit? Are there benefits for the plan or plan sponsor from entering into agreements to have the accountant or accounting firm provide nonaudit services and also perform the employee benefit plan audit? If so, what are the benefits? Should the Department issue guidance on the circumstances under which the performance of nonaudit services by accountants and accounting firms for the plan or plan sponsor would be treated as impairing an accountant’s independence for purposes of auditing and rendering an opinion on the financial information required to be included in the plan’s annual report? If so, what should the guidance provide?

Firm Comment:

The following types of non-audit services are common requests we receive:
- Prepare financial statements and draft footnote disclosures for management and trustees’ review
- Prepare 5500 forms
- Prepare Summary Annual Report
- Assist client in responding to regulatory comments or compliance-related matters
- Assist in a DOL inspection as it relates to the plan
- Provide client input on actuarial assumptions
- Evaluate plan design changes or benchmark plan benefits

Yes, the DOL needs to provide further guidance regarding non-audit services. There are many non-audit services provided by CPA firms that are not addressed in 2509.75-9. Other regulators (SEC, AICPA and GAO) have revised their rules to address independence rules on performing non-attest services for audit clients. These regulators have provided detailed guidance (including interpretations and frequently asked questions) on what types of non-audits services are “prohibited” and “permitted” (for example non-audit services related to bookkeeping, financial information systems, actuarial services, etc.). In order to issue such guidance, the SEC, AICPA and GAO have gone through an exercise to determine/assess whether providing a particular non-attest service would impair a firm’s independence. The DOL should consider doing the same.

For example, the DOL independence rules should specifically address whether the following activities are “prohibited” or “permitted”:
- Tax consulting/compliance services, including preparing Form 5500, Annual Return/Report of Employee Benefit Plan and accompanying schedules; preparing applications for Determination Letters; preparing filings under the IRS or DOL correction programs (EPCRS, DFVC, VCP, etc.); drafting plan documentation (plan document, SPD, forms, etc.); analyzing the plan’s compliance with operational requirements; providing general tax consulting regarding the day-to-day plan management; and calculating penalties/preparing Form 5330.

- Investment-related services, including performing investment management services (brokering trades); providing investment advisory services (for example, monitoring investments, providing periodic updates and advice) to plan management and plan participants; and educating participants.

- Valuation, appraisal, and actuarial services.

- Internal audit services, including outsourcing/co-sourcing; documentation of internal controls; and testing of internal controls.

- Financial information systems, design and implementation services, including implementing a payroll or human resources system.

The SEC and the AICPA (ET 101-3) require additional documentation when the auditing firm performs non-attest services for an employee benefit plan audit client. For example, the firm must document the auditor’s responsibilities as well as the client’s management responsibilities; obtain audit committee pre-approval, including documentation of approval, for SEC clients; and assess management’s ability. The DOL should consider adopting the AICPA’s ET 101-3 with respect to non-audit services.

The SEC and the GAO use an overarching principles approach to determine whether a non-attest service may impair independence. Overarching principles are general standards of auditor independence that provide a framework for independence. The overarching principles assist when there is no specific guidance or rules regarding a particular non-attest service. The SEC does not factor in whether those services are “significant” or material to the subject matter of the audit; however, the GAO does. The DOL should consider adopting an overarching principles approach when assessing whether a non-audit service is “prohibited” or “permitted”.

8) Interpretive Bulletin 75-9 requires an auditor to be independent during the period of professional engagement to examine the financial statements being reported, at the date of the opinion, and during the period covered by the financial statements. Should the Department change the Interpretive Bulletin to remove or otherwise provide exceptions for “the period covered by the financial statements” requirement? For example, should the requirement be changed so that an
accountant's independence would be impaired by a material direct financial interest in the plan or plan sponsor during the period covered by the financial statements rather than any direct financial interest?

**Firm Comment:**

Yes, the DOL should define the period of engagement rules similar to the AICPA and SEC's “period of the engagement” to the earlier of the period in which the accounting firm is engaged or commences the audit engagement through the date in which the accounting firm and the employee benefit plan terminate the auditor-client relationship. This would enable the employee benefit plan to change auditors more easily, especially when the plan sponsor is a widely traded public company. If the DOL changed its rule to prohibit a direct financial relationship in the plan sponsor and participation in the employee benefit plan by a covered member who is on the audit engagement team or in a position to significantly affect the audit, this would allow the employee benefit plans to select auditing firms based on their expertise rather than on who can meet the independence criteria. We also believe that the DOL should adopt the AICPA and SEC exception for covered members who are partners in the office of the lead partner and partners and managers who provide 10 or more hours of non-audit services to permit them to have an immediate or close family member be a participant in the plan, as well as to have a direct financial interest in the plan sponsor if that is the only plan investment option available. We believe that the accounting firm and its employee benefit plans are covered members under the AICPA and SEC independence rules and should not be subject to the exception.

In summary, we believe that the DOL’s rules differ so substantially from the those of the AICPA, SEC, and PCAOB—all of which have rules that provide for cleansing of an impairment through the disposition of financial interests or participation in an employee benefit plan prior to the commencement of the period of the engagement—that it serves as a detriment to the employee benefit plans auditor selection.

9) *Should there be special provisions in the Department's independence guidelines for plans that have audit committees that hire and monitor an auditor's independence, such as the audit committees described in the Sarbanes-Oxley Act applicable to public companies?*

**Firm Comment:**

While the DOL should consider special provisions that recognize the critical role that is played by audit committees for public companies, we believe that the DOL
should recognize that many plans that file Form 11-K with the SEC do not have audit committees that are separate from the plan trustees. For these filers, when an accounting firm is auditor of only the Form 11-K benefit plan, the plan trustees are treated as an audit committee equivalent. Further, these plans, and the plans audited to comply with ERISA, have annual reporting requirements so there is no quarterly or periodic reporting to the plan trustees.

For the Form 11-K filers, where the plan’s auditors are also the auditor of record for the publicly traded plan sponsor, the audit committee of the publicly traded plan sponsor has the responsibility to pre-approve all audit, audit-related, tax, and other permitted non-audit services provided by the auditor of record, including the audits of the plan sponsor’s employee benefit plans. The plan sponsor’s approval is required by both the Sarbanes-Oxley Act of 2002 and the SEC independence rules. Therefore, if the DOL stipulates required communication and pre-approval requirements at the employee benefit plan level, the auditing firm will have multiple layers of approval and communication requirements. It will be difficult to separate the plan sponsor from the employee benefit plans. Further, it will make the auditors’ communication responsibilities unwieldy and unduly cumbersome.

However, we recognize that the DOL will need to decide the best protection for the participants’ interests in developing its rules; however, the DOL should take careful consideration to avoid auditors having multiple reporting and pre-approval requirements. If the DOL wants to encourage better corporate governance policies for the employee benefit plans’ trustees, they should consider tailoring the SEC and PCAOB communication requirements to specify whether the pension trustees need to:

- pre-approve of all services by the audit committee or its equivalent
- communicate certain matters to the audit committee or its equivalent

10) What types and level of fees, payments, and compensation are accountants and accounting firms receiving from plans they audit and sponsors of plans they audit for audit and nonaudit services provided to the plan? Should the Department issue guidance regarding whether receipt of particular types of fees, such as contingent fees and other fees and compensation received from parties other than the plan or plan sponsor, would be treated as impairing an accountant’s independence for purposes of auditing and rendering an opinion on the financial information required to be included in the plan’s annual report?
**Firm Comment:**

We comply with Rules 302.

The DOL should address whether certain types of fee arrangements may impair an auditor’s independence. Provided the DOL adopts the AICPA independence rules, there would be limited instances in which the auditor of an attestation client would be permitted under Rule 302 to enter into a contingent fee engagement with the plan or the plan sponsor. The DOL would need to specify in the adoption of its rules that it intends, with respect to contingent fee engagements, that the auditing firms would apply Rule 302 to both the employee benefit plan and the plan’s sponsor.

11) **Should the Department define the term “firm” in Interpretive Bulletin 75-9 or otherwise issue guidance on the treatment of subsidiaries and affiliates of an accounting firm in evaluating the independence of an accounting firm and members of the firm? If so, what should the guidance provide regarding subsidiaries and affiliates in the evaluation of the independence of an accountant or accounting firm?**

**Firm Comment:**

Yes, we would expect that the DOL would use the AICPA definition of “Firm.” Further, assuming that the DOL adopts the AICPA Rule of Conduct as its base independence framework, the AICPA, as a member body of the International Federation of Accountants (IFAC), will soon be required to adopt a network firm concept, which will incorporate related firms and related entities. With respect to financial interests and non-audit services, we believe that the AICPA definition of “Firm” already captures the accounting firm’s employee benefit plans and those affiliates where a firm has significant influence.

12) **Should the Department’s independence guidance include an “appearance of independence” requirement in addition to the requirement that applies by reason of the ERISA requirement that the accountant perform the plan’s audit in accordance with GAAS?**

**Firm Comment:**

Yes, assuming that the DOL adopts the AICPA Rule of Professional Conduct, this independence framework specifically deals with appearance and provides a conceptual framework. The conceptual framework is a risk-based approach that requires the independent accounting firm to consider and document independence threats and whether appropriate safeguards can be developed to overcome the
independence threat in both fact and appearance. If the application of a safeguard does not sufficiently mitigate the threat, or the accounting firm cannot eliminate the threat by changing the relationship or circumstances giving rise to the threat, independence would be impaired.

13) Should the Department require accountants and accounting firms to have written policies and procedures on independence which apply when performing audits of employee benefit plans? If so, should the Department require those policies and procedures be disclosed to plan clients as part of the audit engagement?

Firm Comment:

In the engagement letters, we inform the clients which auditing standards are applicable. We do not know that it will mean anything to the pension trustees which independence rules are applicable. It would be difficult for the small firms to have separate independence quality policies and procedures, especially sole practitioners. These firms would purchase these policies and procedures from a publishing organization similar to the publishers that they use for their audit programs. We do not believe that the independence rules are the problem with the quality of the employee benefit plan audits.

14) Should the Department adopt formal procedures under which the Department will refer accountants to state licensing boards for discipline when the Department concludes an accountant has conducted an employee benefit plan audit without being independent?

Firm Comment:

Prior to referring an auditor to the state board of accountancy or the AICPA for disciplinary action, we would recommend that the DOL formalize policies and procedures for consistency in the quality control reviews and which entities are referred. There should also be some process whereby the accounting firms are notified when deficiencies are found and whereby they can file an appeal with the DOL. We believe that in the 2002 quality control referrals to the AICPA there was a wide disparity in the communications prior to the referrals, and there was not an opportunity for appeal. We would also assume that the DOL would establish some criteria for which audit deficiencies were so egregious that the accounting firm warranted referral for disciplinary action.
15) Should accountants and accounting firms be required to make any standard disclosures to plan clients about the accountant's and firm's independence as part of the audit engagement? If so, what standard disclosures should be required?

**Firm Comment:**

Our auditors' reports are labeled “Independent.” Therefore, we believe that is sufficient. Further, professional standards require us to make certain communications to audit committees or their equivalent. If there is required disclosure, we would recommend that the communication be tailored to the requirement in existing professional standards.

Below, the Firm has summarized other matters for the DOL to consider with respect to auditor's independence that were not addressed in the DOL's RFI:

- **Multi-employer issues:** The DOL's existing guidance is unclear or does not specifically address multiemployer plan audit and auditor relationships with service providers or multiple plan sponsors.
- **Joint business activities:** The DOL rules need to clarify what business relationships or cooperative relationships are permitted or prohibited. Specific examples need to be provided with respect to employee benefit plans. For example, would the following business activities create an independence impairment:
  - Teaming with a professional service employee benefit audit client to conduct a seminar on employee benefit-related matters for clients or potential clients (as part of the normal course of business)?
  - Acting as a subcontractor for a professional benefit audit client on a matter that does not involve that client's benefit plans?
  - Auditing the employee benefit plan of another accounting firm or a law firm that the accounting firm uses as its external counsel?

If such relationships were deemed to create a mutuality of interest, it would be difficult for professional service organizations to find independent accounting firms. The DOL should provide specific examples of business activities that are permitted between an accounting firm and its employee benefit plan audit client as it relates to relationships that occur during the normal course of business. We would recommend that the AICPA ET Interpretation 101-12 on cooperative arrangements be used as the model.
- Gifts/entertainment to/from client (including plan/plan sponsor): The DOL needs to provide guidance on what types of gifts and/or business entertainment may pose an independence issue. We would recommend that the DOL consider adopting or use as a model the AICPA’s recent ethics ruling on acceptance/offering of gifts and entertainment (Ethics Rulings No. 113, Rule 102 and Ethics Ruling No. 114, Rule 102). ET 114 provides guidance on whether a member's offering or accepting gifts or entertainment to or from any client, including non-attest clients, or a customer or vendor of the member's employer, affects the member’s independence or objectivity.

If you have any questions regarding our Firm’s comments, please call me at 630-873-2518.

Very truly yours,

[Signature]

Deborah L. Smith
Partner, National Professional Standards Group