



February 14, 2005

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

RE: PCAOB Rulemaking Docket Matter No. 017

Ladies and Gentlemen:

The Audit and Assurance Service Committee of the Illinois CPA Society ("Committee") is pleased to comment on the following proposal, ***Proposed Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees*** dated December 14, 2004. The Committee is a voluntary group of CPAs from public practice, industry, education, and government. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of our Committee are outlined in **Appendix A** to this letter.

The Committee generally supports the contents of the proposal and believes that the proposed rules represent a balanced and reasoned approach to the identification of prohibited tax services. We offer certain suggestions below for your consideration.

We recommend that the proposed rules broaden certain transition provisions to accommodate those entities initially registering with the Securities and Exchange Commission ("SEC"). Specifically, the effective date for these companies could and should be referenced to the date on which an initial registration statement becomes effective, or first filed. Failure to provide such an accommodation would provide an undue burden on those companies, executives and audit firms where officer/shareholder tax returns have been prepared by the audit firm, prior to the entity registering with the SEC.

The format of the draft document is such that it provides for a mix of proposed guidance and background rationale by topic. Other promulgated guidance has been effective when it distinguishes sections by rulemaking and basis for conclusions.

Certain members believe that the prohibition on providing tax return preparation and tax compliance services to senior executives of an audit client is not consistent with the concept of being able to provide these services to the audit client itself. Additionally, the criteria developed around the "financial reporting oversight role" seems sufficiently broad that differing interpretations may cause inconsistent application.

The Board invited specific comments on certain aspects of proposed Rule 3522(c). The Committee does not believe that there should be a requirement for a public accounting firm to obtain a third-party tax opinion in support of certain aggressive tax treatment, if the potential effect of the treatment could have a material effect on the audit client's financial statements. We do believe that the public accounting firm should obtain and review any third-party tax opinion obtained by the audit client.

The definition of “aggressive tax positions” in proposed Rule 3522(c) references transactions initially recommended by the registered public accounting firm. While this definition may be intended to apply only to transactions that the audit firm has marketed and promoted, it is not clear in the circumstances.

The members of the Audit and Assurance Service Committee of the Illinois CPA Society thank you for the opportunity to respond to this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "W. P. Graf". The signature is written in a cursive style with a large initial "W" and a long, sweeping underline.

William P. Graf, Chair
Audit & Assurance Service Committee

ILLINOIS CPA SOCIETY
AUDIT AND ASSURANCE SERVICES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2004 - 2005

The Audit and Assurance Services Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of auditing standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of auditing and attest standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

James A. Dolinar, CPA
Jeffrey A. Gordon, CPA
William P. Graf, CPA
G. W. Graham, CPA
Leslie A. Kivi, CPA
James P. McClanahan, CPA
Gary W. Mills, CPA
Michael J. Pierce, CPA
Monica R. Toparcean, CPA

Crowe Chizek and Company LLC
KPMG LLP
Deloitte & Touche LLP
Grant Thornton LLP
PricewaterhouseCoopers LLP
Altschuler, Melvoin & Glasser LLP
Virchow Krause & Company, LLP
American Express Tax & Business Services
PricewaterhouseCoopers LLP

Medium: (more than 40 employees)

Sharon J. Gregor, CPA
Stephen R. Panfil, CPA

Selden, Fox and Associates, Ltd.
Bansley & Kiener LLP

Small: (less than 40 employees)

Antonio Davila, Jr., CPA
Jeffrey M. Goltz, CPA
Loren B. Kramer, CPA
Andrea L. Krueger, CPA
Ludella Lewis, CPA
JoAnne M. Malito, CPA
Robert W. Owens, CPA
Richard D. Spiegel, CPA

Hill, Taylor LLC
Rosen, Goltz & Associates
Kramer Consulting Services, Inc.
Corbett, Duncan & Hubly P.C.
Ludella Lewis & Company
McGreal, Johnson and McGrane
Wermer, Rogers, Doran & Ruzon
Steinberg Advisors, Ltd.

Industry:

James R. Adler, CPA

Adler Consulting Ltd.

Government:

Scott P. Bailey, CPA

Metropolitan Pier & Exposition Authority

Educators:

Simon P. Petravick, CPA
Oliver R. Whittington, CPA

Bradley University
DePaul University

Staff Representative:

C. Patricia Mellican, CPA

Illinois CPA Society