

February 14, 2005

Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006

**Re: PCAOB Rulemaking Docket Matter No. 017: Proposed Ethics and Independence Rules concerning Independence, Tax Services and Contingent Fees**

Dear Ladies and Gentlemen:

The Accounting Principles and Auditing Procedures Committee is the senior technical committee of the Massachusetts Society of Certified Public Accountants. The Committee consists of 25 members who are affiliated with public accounting firms of various sizes, from sole proprietorships to international "big four" firms, as well as members in both industry and academia. The Committee has reviewed and discussed the above mentioned exposure draft. The views expressed in this comment letter are solely those of the Committee and do not reflect the views of the organizations with which the Committee members are affiliated.

Our comments are as follows:

- 1) The Committee has a concern that if these rules as proposed are adopted that the cost of affected company audits will be driven up substantially. These costs will then be either passed on to the ultimate consumer or in some cases the smaller auditor will be forced to bear these costs.
- 2) The Committee has a grave concern that these rules would have a severe effect on service that auditors and accountants now provide to their small client. Even thru the rules would be applicable only to registered public accounting firms there is a fear among the members of the Committee that these rules could "trickle down" to nonpublic audit client. The application of these rules to small audit client would force small clients to incur massive costs to be in compliance and change, not for the good, the relationship accountants have with these clients. The Committee to prevent these rules from being applied to small clients recommends a dollar threshold be put in place. The FASB has used a threshold of \$100,000,000 in applying some of its standards. In this way should local regulators adopt some form of these rules the small clients would be unaffected. We recommend that some kind of a threshold as to when these rules are to be adopted be made part of the final rules.

We appreciate the opportunity to present our comments and thank you for your consideration.

Very truly yours,

Philip B. Pacino, CPA, Chairman  
Accounting Principles and Auditing  
Auditing Procedures Committee  
Massachusetts Society of Certified Public

Accountants