



National Association of State Boards of Accountancy

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David A. Costello, CPA
President & CEO

April 28, 2003

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

Comments@pcaobus.org

RE: PCAOB Rulemaking Docket Matter No. 003

Dear Board Members:

Once again, we have to state that we appreciate the opportunity to comment on the proposals of the Public Company Accounting Oversight Board. NASBA, the National Association of State Boards of Accountancy, is a forum of the 54 state boards of accountancy, and these boards are all interested in the proposals, deliberations and final determinations of the PCAOB. Although all our boards may not be sitting in at your meetings, we know that your Web casts are being listened to and exposure drafts being reviewed by board members across the country. State regulators are benefiting from the discussions being held by both the SEC and PCAOB.

It is because of the benefit that state regulators receive from your insights that we would ask you to review "EC7. Gifts, Reimbursements, Honoraria and Other Things of Value" of the proposed code. While section (b)(2)(iii) permits travel-related expenses to be reimbursed by organizations exempt from taxation under 501(c)(3) of the Internal Revenue Code, NASBA is exempt under 501(c)(6). We anticipate that state board members will be eager to have speakers from the PCAOB address our association's meetings. Because we are a national association, we try not to favor any one area of the country as a meeting location; consequently, our annual and regional meetings are held throughout the United States, usually not in the DC area. We would not want to have PCAOB speakers unable to add to our meetings because of travel budget restrictions.

NASBA is funded by neither public accounting firms nor issuers and thus would not be precluded from being exempt on that basis. But we could not fall under the exemptions of sections (i) or (ii) because we are not a federal, state or local governmental body, or an accredited institution of higher learning.

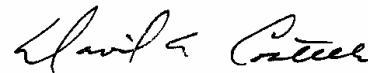
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We trust the PCAOB will consider making an alteration in the language of EC7, such as: “a federal, state or local governmental body or an association of such bodies...”, that will enable us to look forward to speakers with firsthand knowledge of the Board’s activities at our future meetings. Better communication among the state accountancy boards and the PCAOB for the public’s benefit is a goal we all share.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Michael Conaway". The signature is stylized and cursive.

K. Michael Conaway, CPA
NASBA Chair

A handwritten signature in black ink, appearing to read "David A. Costello". The signature is stylized and cursive.

David A. Costello, CPA
NASBA President & CEO