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June 3, 2011

Ms. Lisa A. Snyder
Director, Professional Ethics Division
AICPA
1211 Avenue of the Americas
New York, NY 10036

Dear Ms. Snyder:

On behalf of the National State Auditors Association, we appreciate the opportunity to respond to the AICPA Professional Ethics Executive Committee's exposure draft entitled, *Omnibus Proposal, Professional Ethics Division, Interpretations and Definition* dated April 4, 2011. We offer the following comments for the committee's consideration.

Proposed New Definition, "Member in Business and Industry," under ET section 92

Request for specific comments

1. *Does the proposed definition appropriately capture all members in business and industry? Should there be additional wording added to include any other examples of members in business and industry?*

We do not believe the proposed definition appropriately captures all members in business and industry. The AICPA has not used the titles that most often describe the groups included in the definition. For example, instead of using "public sector", we recommend that the AICPA include "government" in the definition. In addition, instead of using "industry", we recommend that the AICPA include "public corporations" and "private corporations" in the definition. To be more specific and more consistent with the International Ethics Standards Board for Accountants (IESBA) Code Section 300.3, we suggest the committee add the following sentence at the end of the definition: *"This member may serve as, for example, an owner, manager, director, partner, elected or appointed board member, employee, etc."*

We also recommend rewording the beginning of the first sentence as follows to more clearly indicate that the nature of the relationship does not impact inclusion under the definition: "A member serving in an executive, staff, or administrative capacity whether for compensation or when volunteering in such areas as..."

2. *Should the AICPA Code use the term "member in business and industry"? Or would a term such as "member in business" be sufficient?*

We do not agree with the AICPA's use of "member and business and industry" or "member in business" as both terms are misleading in that on the surface they appear to exclude many of the members practicing under this definition such as members in the government and not-for-profit sectors. Some practitioners may not look beyond the term itself to determine what organizations to whom the proposed definition actually applies. Instead of trying to develop a term that captures all of the members not in the practice of public accounting, we recommend the AICPA use the term "member not in the practice of public accounting".

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We appreciate the efforts of the Committee and the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Sherri Rowland of NSAA at (859) 276-1147 or me at (804) 225-3350.

Sincerely,

A handwritten signature in black ink, appearing to read "Walter Kucharski". The signature is fluid and cursive, with the first name "Walter" being more prominent and the last name "Kucharski" following in a similar style.

Walter Kucharski
President, NSAA