



National Association of State Boards of Accountancy

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September 15, 2008

Ms. Tamara Oyre
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International Accounting Standards Committee Foundation
30 Cannon Street
London EC4M 6XH
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By e-mail to constitutionreview@iasb.org

RE: Proposals for Change – Review of the Constitution: Public Accountability and the Composition of the IASB (July 2008)

To the Members of the International Accounting Standards Committee Foundation:

We appreciate the opportunity to offer comments to the International Accounting Standards Committee Foundation (Foundation) on the “Proposals for Change – Review of the Constitution: Public Accountability and the Composition of the IASB” dated July 2008 (the Proposal).” The National Association of State Boards of Accountancy’s (NASBA) mission is to enhance the effectiveness of the licensing authorities for public accounting firms and certified public accountants in the United States and its territories. In furtherance of that mission, NASBA offers the following comments.

Questions related to the Monitoring Group

Question #1 Creation of a link to a Monitoring Group.

NASBA believes that it is appropriate to establish a Monitoring Group composed primarily of representatives of public authorities and of international organizations that have requirements for accountability to public authorities. The existence of such group should enhance the status of the IASB as an independent standards setting organization.

Question #2 Comments regarding the proposed membership of the Monitoring Group.

NASBA believes that membership of the Monitoring Group should include a representative of authorities responsible for licensing professional accountants. Although none of the present licensing authorities are international organizations or authorities, the inclusion of a national organization that represents licensing authorities for professional accountants within a nation will

bring to the Monitoring Group the views of those who regulate professional accountants. Such a position could rotate periodically among the licensing authorities.

Question #4 Comments regarding the existing Trustee Appointments Advisory Group.

NASBA believes that the Advisory Group should be disbanded as soon as the Monitoring Group is established. The continued existence of the Advisory Group could create confusion as to which group is responsible for oversight and providing suggestions to IASB.

Additional comments regarding the Monitoring Group.

Under the Proposal, the Monitoring Group will have the authority to approve Trustees. One of the purposes of establishing the Monitoring Group is "safeguarding the independence of the standard-setting process." To this end, NASBA believes that the Constitution should state that the Monitoring Group cannot recommend one of its own members, or an employee of its organization (agency), as a Trustee.

Questions related to the International Accounting Standards Board composition

Questions #5 and #6 Comments regarding IASB membership.

NASBA supports the concept of expanding membership to "ensure its diversity, its ability to consult, liaise and communicate properly across the world and its legitimacy." NASBA believes that this is an important point since the development of international accounting standards has to consider cultural and legal issues of different nations to ensure they are adequately considered prior to the release of any standard. Consequently, NASBA suggests that the proposed allocation of seats be reexamined, and expanded if necessary, to include important areas of commerce that are not necessarily defined by geographical location. For example, only one representative is proposed for all of Africa. Yet there may be significant differences in the views of the several nations on the African continent. It is unclear where certain important geopolitical areas, such as the area referred to as the Middle East, would be represented in the list of proposed members. Clarity of the geographical areas would enhance understanding. Assigning two positions to "Other" may not meet the ultimate needs of the IASB.

NASBA believes that, if geography is to determine membership, then proposed members should be considered based on their ability to appropriately represent their geographical areas. Place of residence should not be used to determine geographic area if citizenship would place the individual in another area.

Question #7 Comments regarding part-time membership.

A key provision of the US Sarbanes-Oxley Act is members of the Public Accounting Oversight Board must be full-time and independent from the profession. Section 101 (e) of the Act states: "Each member of the Board shall serve on a full-time basis, and may not, concurrent with service on the Board, be employed by any other person or engage in any other professional or business

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activity.” We believe that all investors would expect this type of independence and freedom from potential pressure for members of the IASB.

We appreciate the opportunity to comment on the Proposals for Change – Review of the Constitution: Public Accountability and the Composition of the IASB (July 2008).

Sincerely,

A handwritten signature in black ink, reading "Samuel K. Cotterell". The signature is written in a cursive style with a large, stylized 'S' and 'C'.

Samuel K. Cotterell, CPA
NASBA Chair

A handwritten signature in black ink, reading "David A. Costello". The signature is written in a cursive style with a large, stylized 'D' and 'C'.

David A. Costello, CPA
NASBA President & CEO