



**New Jersey Society of Certified Public Accountants**

425 Eagle Rock Avenue Suite 100 Roseland, NJ 07068-1723  
phone 973-226-4494 fax 973-226-7425 web www.njscpa.org

December 20, 2011

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**RE: File Number S7-45-10 and November 9, 2011 MSRB Letter to Chairman Schapiro**

Dear Ms. Murphy:

The Governmental Accounting and Auditing Interest Group (GAAIG) of the New Jersey Society of Certified Public Accountants (NJSCPA) represents the vast majority of governmental accountants in the state of New Jersey. The GAAIG recently met and this letter represents the views of the members of the group.

Almost all of the Registered Municipal Accountants in New Jersey, who are the only accountants permitted by state statute to do municipal audits in New Jersey, are also CPAs and members of the NJSCPA. As such, the GAAIG represents almost all of the CPAs in New Jersey who provide services to municipal governments and is concerned about the proposed rules in File Number S7-45-10. We are particularly concerned about the November 9, 2011 letter submitted to Chairman Schapiro by the Municipal Securities RuleMaking Board (MSRB) on the issue of municipal advisory services.

We agree fully with the comments submitted by the American Institute of Certified Public Accountants (AICPA) on February 25, 2011 regarding the above referenced file. We agree that there should be a carve out for CPAs. Like the AICPA, we are concerned that the broad definition of municipal advisor in that release will include CPAs who are performing customary and usual services that are incidental or inextricably linked to the practice of accountancy. We believe that these services provided by CPAs should not be subject to registration and that it was not the intent of the Dodd-Frank Act to include them. CPAs are already subject to rigorous oversight and licensing both nationally and on a state level by state boards of accountancy. Additionally, CPAs, and their firms, are subject to peer review, must undergo extensive continuing education requirements and must adhere to the AICPA's Professional Standards for audits or attestation engagements (and must also often follow the Government Accountability Office's Government Auditing Standards.)

We strongly endorse the exclusion for CPAs that was put forth by the AICPA in their February 25 letter and which is reprinted below:

*Accountants that are excluded from the municipal advisor definition are as follows:*

*Any person that is a certified public accountant, permitted to practice as a certified public accounting firm, or certified or licensed for such purpose by a State or any individual who is employed by or holds an ownership interest with respect to a person described in this subparagraph, when such person is performing or offering to perform—*

Ms. Elizabeth M. Murphy  
Secretary, Securities and Exchange Commission  
December 20, 2011  
Page 2

*1) customary and usual accounting activities, including the provision of accounting, tax, advisory, or other services, including audit and attestation services, that are subject to the regulatory authority of a State board of accountancy or a Federal authority; or*

*2) other services that are incidental to such customary and usual accounting activities, to the extent that such incidental services are not offered or provided by the person separate and apart from such customary and usual accounting activities.*

We are also very concerned about the November 9, 2011 MSRB letter and its attempt to list services that would trigger registration because some of those services may be performed by CPAs in the ordinary course of providing budgeting and accounting services to municipal clients. All are within the CPA's professional capacity and are performed in a manner that is rarely related to the issuance of municipal securities, and to the extent that they are, are only incidental to that service. It is neither logical nor fair to consider these CPAs as providing municipal advice just because their work product is used in the issuance of municipal securities.

In conclusion, we urge you to adopt the AICPA drafted carve out for CPAs cited above and reject the list of services provided by the MSRB as applicable to CPAs. We believe that it was never the intention of the Dodd - Frank Act to require CPAs performing these services under these circumstances to register as Municipal Advisors. The carve out as proposed by the AICPA is the only way to ensure that CPAs are not unfairly and unnecessarily required to register as municipal advisors.

Thank you for considering the views of the GAAIP on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Allison', is written over a horizontal line.

Robert W. Allison, CPA  
Chairman  
NJSCPA Governmental Accounting and Auditing Interest Group