



PUBLIC OVERSIGHT BOARD

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www.publicoversightboard.org

April 4, 2002

VIA FEDERAL EXPRESS

Robert K. Herdman, Chief Accountant
United States Securities and Exchange
Commission
Room 11213, Mail Stop 1103
450 Fifth Street, N.W.
Washington, D.C. 20549

Robert J. Kueppers, Chair
SEC Practice Section Executive Committee
c/o Deloitte & Touche LLP
Ten Westport Road
Wilton, CT 06897-0820

Dear Messrs. Herdman and Kueppers:

At a meeting of the Public Oversight Board on April 2, 2002, the POB voted unanimously to extend its existence until April 30, 2002, unless it determines otherwise to shorten or lengthen this period in the interest of an orderly transition.

This decision was taken to provide time for certain final transitional matters to be completed, barring unanticipated events. These consist of the following:

- Preparation of a letter concerning transition for monitoring the implementation of recommendations of the Panel on Audit Effectiveness.
- Preparation and approval of an annual report of the POB for 2001.
- Approval of minutes of recent Board meetings.
- Assurance that all outstanding bills of the POB are paid.

In acting to extend the POB's existence for an additional month, I wish to emphasize that the POB does not intend to undertake any new initiatives.

I attach a copy of the Board's resolution of April 2, 2002 for your information.

Sincerely,

Charles A. Bowsher
Chair

Attachment

45162836.1

**Resolution Passed By The
Public Oversight Board
at its Meeting on April 2, 2002**

Be it resolved, that in the interest of an orderly transition relating to pending matters, the existence of the Board will be extended until April 30, 2002, unless the Board determines otherwise to shorten or lengthen such period of time for the purpose of an orderly transition and barring unanticipated events.



OFFICE OF
THE CHIEF ACCOUNTANT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 10, 2002

VIA Facsimile

Mr. Charles A. Bowsher
Chairman
Public Oversight Board
4503 Boxwood Road
Bethesda, MD 20816

Dear Mr. Bowsher:

Thank you for your two letters dated April 4, 2002. The first letter indicates the importance of monitoring the implementation of the recommendations of the Panel on Audit Effectiveness and suggests that an independent body be created for that purpose. Let me assure you that creating an independent body will not be necessary, as the Office of the Chief Accountant is capable of, and will carry out the task.

An important step in that endeavor would be receipt of the work of the Staff of the POB to assess the status of the implementation of the Panel's recommendations. We eagerly await that report, which the second letter indicates is one of the four tasks necessitating a further one-month extension of the POB's existence. The three other matters noted in your letter cover the completion of the POB's annual report for 2001, approval of minutes of recent Board meetings, and assurances that all outstanding bills of the POB are paid.

When the POB voted to terminate, you recognized the importance of making arrangements for the transition of responsibilities, "especially with respect to the continued oversight of the SECPS, the Auditing Standards Board, the Peer Review Committee, and the Quality Control Committee..." The staff of the SEC has been actively engaged with the Practice Section and the POB staff in making these vitally important arrangements for an orderly transition, absent any input from the members of the POB. In light of that I urge the POB to arrive expeditiously at the point where it terminates its activities.

Sincerely,

A handwritten signature in black ink that reads "Robert K. Herdman". The signature is written in a cursive style and is followed by a horizontal line.

Robert K. Herdman
Chief Accountant

cc: Mr. Robert Kueppers, Chairman, SEC Practice Section
Mr. Jerry Sullivan, Executive Director, Public Oversight Board
Mr. Harvey Pitt, Chairman, Securities and Exchange Commission



April 11, 2002

Mr. Charles A. Bowsher
Chairman
Public Oversight Board
4503 Boxwood Road
Bethesda, MD 20816

Dear Mr. Bowsher:

I have received your letter dated April 4, 2002 disclosing that the POB has determined to further extend its existence through the end of April 2002. I understand the primary reason for this decision, among others, is the need to complete the Board's 2001 annual report and the other documents that were underway.

I do not agree, however, that the POB needs to be in existence in order to ensure that the invoices of its advisors be paid. As we have discussed, the Section has paid the invoices that it has received for payment, with the exception of one we just received. The process in place requires that invoices be submitted to the POB staff. Once the POB staff completes its review and forwards the invoices to the Practice Section for payment, the AICPA's accounting department usually makes payment quite promptly.

For 2001, Fulbright & Jaworski billed a total of almost \$3 million in monthly invoices. The invoice dates averaged 45 days after month end. Despite any inefficiency in the process, we paid in as little as 7 days upon receipt and averaged 21 days with the exception of the October 2001 invoice, which was received in December but not paid until March, due to the misplacement of the invoice by the AICPA's accounting department. It should be noted that late in 2001 the Practice Section was required to go out to the largest firms for additional funds due to the significance of these expenses, which had a minor and temporary impact on the payment timing right at the end of 2001.

With respect to the 2002 invoices of over \$1 million in fees for January through March, we have paid all but the March invoice, which will be paid in the normal course. We have also paid all of the Tucker Alan invoices totaling \$2.2 million.


Mr. Charles A. Bowsher
April 11, 2002
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In total, we have paid the Board's advisors virtually all of the approximately \$6.2 million billed in 2001 and 2002 to date. The Board should not be concerned that its advisors will be paid. We have demonstrated our ability and willingness to do so and plan to continue to cover these expenses through the Board's termination scheduled for the end of April.

If there are specific concerns in this area, I stand ready to discuss them.

Please let me know if we can be of any assistance to you in completing the Board's final activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Kueppers", written over a light blue grid background.

Robert J. Kueppers, Chair
SEC Practice Section Executive Committee

cc: Robert K. Herdman, SEC Chief Accountant
Jerry D. Sullivan, Executive Director, Public Oversight Board