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Florida Board of Accountancy
240 N.W. 76th Drive Suite A
Gainesville, FL 32607

Dear Members of the Board of Accountancy:

This is to request your opinion on a question concerning independence under Chapter 473, F.S. and Rule 61H1, F.A.C, related to the following hypothetical circumstances:

Statement of situation

A Florida CPA firm pays retirement benefits to a retired partner. In addition the retired partner Receives from the firm less than \$5,000 annually in fees for services performed. The retired partner is not held out as being associated with the firm. After his retirement from the firm, the retired partner is asked to become a member of the Board of Directors of a company that is an audit client of the CPA firm. The retired partner was previously the engagement partner on this audit.

The retired partner's retirement benefits are not materially affected by the audit fees of this client. This client's audit fees represent approximately 2% of the total CPA firm's billing, which are \$2 million.

Question

Will the CPA firm's independence be impaired due to the fact that a retired partner that receives retirement benefits and less that \$5,000 in fees from the firm becomes a member of the Board of Directors in an audit client company?

Pertinent laws and rules

Chapter 473.315 (1),F.S. and Rule 61H-21.00 (3), F.A.C.

Conclusions

Based on Chapter 473.315 (1), F.S. and Rule 61H1-21.001 (3), it appears that the CPA firm's independence would not be impaired because the retired partner is no longer active in the firm

(less than \$5,000 in fees), the audit fees received from this client do not have a material effect on his retirement benefits, and he is not held out as being associated with the CPA firm.

We respectfully request the Board of Accountancy's opinion on this issue.

Very truly yours,

Sanson, Kline, Jacomino & Company, LLP

Gloria M. Lopez, CPA
Partner