
THE REVISIONS AND ADDITIONS CONTAINED IN THIS DOCUMENT ARE EFFECTIVE ON APRIL 30, 2015.

Ethics interpretations and definitions are promulgated by the executive committee of the Professional Ethics Division to provide guidelines about the scope and application of the rules but are not intended to limit such scope or application. Publication in the Journal of Accountancy constitutes notice to members. A member who departs from such guidelines shall have the burden of justifying such departure in any disciplinary hearing.

*(Additions appear in **boldface italic**)*

The Professional Ethics Executive Committee has adopted the following revised interpretations under the "Independence Rule" [1.200.001] "***Individual in a Campaign Treasurer or Similar Financial Position***" [1.275.025] and "Client Affiliates" [1.224.010] and revised paragraph .03 of "Definitions" [0.400].

Text of Revised “*Individual in a Campaign Treasurer or Similar Financial Position*” Interpretation

(Additions appear in **boldface italic**, and deletions are ~~stricken~~. Defined terms are hyperlinked.)

1.275.025 *Individual in a Campaign Treasurer or Similar Financial Position*

01. For purposes of this interpretation, a campaign treasurer would also include individuals with similar financial responsibilities as a campaign treasurer. While other campaign positions may result in [threats](#) to compliance with the “[Independence Rule](#)” [1.200.001], such positions are not covered by this interpretation. Accordingly, [members](#) should consult the [Conceptual Framework for Independence](#) [1.200.010] if [partners](#) or professional employees serve in campaign positions not specifically addressed by this interpretation.

Campaign Organization Is Attest Client

02. 01. If a partner or professional employee of a member’s firm ~~during the [period of the professional engagement](#) or during the period covered by the [financial statements](#), a [partner](#) or professional employee of a [member’s firm](#)~~ serves as the treasurer for a mayoral candidate’s campaign organization, during the period covered by the financial statements or during the period of the professional engagement and the campaign organization is an attest client, the management participation threat to the member’s compliance with the “[Independence Rule](#)” [1.200.001] may exist. The threat ~~a campaign treasurer and the campaign organization is an [attest client](#), the management participation [threat](#) to the [member’s](#) compliance with the “[Independence Rule](#)” [1.200.001]~~ would not be at an [acceptable level](#) and could not be reduced to an [acceptable level](#) by the application of [safeguards](#). Accordingly, [independence](#) would be [impaired](#).

Candidate Running for Election of a Governmental Entity That Is an Attest Client

03. 02. If, instead, the candidate’s political party or the municipality in which the candidate may become mayor is an ~~attest client~~, the ~~threat to the member’s~~ ***during the [period of the professional engagement](#) or during the period covered by the [financial statements](#) a [partner](#) or professional employee is serves as a campaign treasurer for either (a) an elected official of a governmental entity that is an [attest client](#), or (b) for a candidate who is running for election but is not yet an elected official of such [attest client](#), then advocacy, adverse interest, and familiarity [threats](#) to compliance with the “[Independence Rule](#)” [1.200.001] would not be at an [acceptable level](#) and could not be reduced to an acceptable level by the application of [safeguards](#)***. Accordingly, [independence](#) would not be [impaired](#).

Political Party Is Attest Client

04. If during the [period of the professional engagement](#) or during the period covered by the [financial statements](#) a [partner](#) or professional employee serves as a campaign treasurer for a candidate and the political party for which the candidate is a member is an [attest client](#), advocacy and familiarity [threats](#) may exist. Accordingly, a responsible individual within the [firm](#) should evaluate the significance of the [threats](#) to determine if the [threats](#) are at an [acceptable level](#). If the responsible individual within the [firm](#) determines that [threats](#) are not at an [acceptable level](#), he or she should apply [safeguards](#) to eliminate or reduce the [threats](#) to an [acceptable level](#). However,

threats would not be at an acceptable level and could not be reduced to an acceptable level by the application of safeguards and independence would be impaired if the candidate is a member of one of the political party's governing bodies.

General

05.03. In the state and local government environment, members should consult the "Entities Included in State and Local Government Financial Statements" interpretation [1.224.020] to determine which entities related to their attest client require the member's independence. Also refer to the "Conflicts of Interest for Members in Public Practice" interpretation [1.110.010] of the "Integrity and Objectivity Rule" [1.100.001] for additional guidance. In addition, members in such positions should consider their obligations as members in business under part 2 of the code. [Prior reference: paragraphs .164-.165 of ET section 191.]

Grandfathered Positions

06. Independence would not be impaired as a result of the more restrictive requirements of this interpretation that are effective on April 30, 2015, provided the attest engagement commenced prior to April 30, 2015, and the member was in compliance with the preexisting requirements of this interpretation.

[See Revision History Table.]

Text of New Paragraphs of the “Client Affiliate” Interpretation

(Additions appear in **boldface italic**, and deletions are ~~stricken~~. Defined terms are hyperlinked.)

1.224.010 Client Affiliates (in part)

Acquisitions and Other Business Combinations That Involve a Financial Statement Attest Client

05. The exception in paragraph .06 would apply when (1) a [financial statement attest client](#) is acquired during the [period of the professional engagement](#) by either a non-client or a nonattest client (acquirer), (2) the [attest engagement](#) covers only periods prior to the acquisition, and (3) the [member](#) or member’s [firm](#) will not continue to provide [financial statement](#) attest services to the acquirer.
06. [Independence](#) will not be considered [impaired](#) with respect to the [financial statement attest client](#) because a [member](#) or member’s [firm](#) has an interest in or relationship with the acquirer that may otherwise [impair independence](#) as a result of the requirements of this interpretation or the definition of “[attest client](#)” (as it relates to the entity or person that engages the [member](#) or [member’s firm](#) to perform the [attest engagement](#)).
07. Notwithstanding paragraph .06, a [member](#) should give consideration to the requirements of the “[Conflicts of Interest](#)” interpretation [1.110.010], under the “Integrity and Objectivity Rule,” [1.100.001] with regard to any relationships that the [member](#) knows or has reason to believe exist with the acquirer, the [financial statement attest client](#), or the [firm](#).
08. A [member](#) should refer to paragraph .03 of “[Application of the AICPA Code](#)” [0.200.020] for guidance on circumstances involving foreign network firms.

Effective Date

~~.05–.09~~ This interpretation ~~Paragraphs .01 through .04 are~~ is effective for engagements covering periods beginning on or after January 1, 2014. Early implementation is allowed.

[See Revision History Table.]

Text of Revised “Attest Client” Definition [0.400.03]

*(Additions appear in **boldface italic**. Defined terms are hyperlinked.)*

03. **Attest client.** A [client](#) that engages a [member](#) to perform an [attest engagement](#) or with respect to which a *member* performs an *attest engagement*.

See paragraph .06 of the “[Client Affiliate](#)” interpretation [1.224.010] for acquisitions and business combinations that involve a [financial statement attest client](#).

[See Revision History Table.]
