



## Open meeting minutes — February 21, 2023

### Professional Ethics Division

### Professional Ethics Executive Committee

The Professional Ethics Executive Committee (PEEC or committee) held a duly called meeting February 21, 2023. The virtual meeting convened at 10 a.m. EST and adjourned at 2:40 p.m.

Agenda materials for this meeting were sent to PEEC members and observers on February 2, 2023 and were posted on [aicpa.org](https://aicpa.org).

#### Contents

Attendance

Key votes in this meeting

Interim business

Welcome

IESBA convergence: Fees

Solicitation or disclosure of CPA examination questions and answers

IESBA convergence: Public interest entities

IESBA tax planning and related services

IESBA update

Unpaid fees

Simultaneous employment or association with an attest client

Private equity investment in firms

DOL independence rules

Future meeting dates

Appendix

## Attendance

<p>Members</p> <p>Brian Lynch, Chair</p> <p>Catherine Allen</p> <p>Claire Blanton</p> <p>Jack A. Bonner, Jr.</p> <p>Thomas Campbell</p> <p>Robert Denham</p> <p>Anna Dourdourekas</p> <p>Anika Heard</p> <p>Jennifer Kary</p> <p>Clare Levison</p> <p>G. Alan Long</p> <p>Nancy Miller</p> <p>Randy Milligan</p> <p>Donald Murphy</p> <p>Kenneth Omoruyi</p> <p>Katherine Savage</p> <p>Lisa Snyder</p> <p>Daniel Vuckovich</p> <p>Jimmy Williams</p> <p>Michael Womble</p> <p>Guests</p> <p>See exhibit 1 in the appendix of this document.</p>	<p>AICPA Professional Ethics Division staff</p> <p>James Brackens, Vice President – Ethics and Practice Quality</p> <p>Toni Lee-Andrews, Director</p> <p>Ellen Gorla, Associate Director</p> <p>Jennifer Clayton, Associate Director</p> <p>Elaine Bagley</p> <p>Sarah Brack</p> <p>Emily Daly</p> <p>Liese Faircloth</p> <p>Joan Farris</p> <p>Amy Franklin</p> <p>Jennifer Kappler</p> <p>Iryna Klepcha</p> <p>Kelly Mullins</p> <p>Melissa Powell</p> <p>Karen Puntch</p> <p>Michael Schertzinger</p> <p>John Wiley</p> <p>Heidi Winn</p> <p>Summer Young</p>
--	--

### Key votes in this meeting

#### Motions approved

Exposure of the new and revised interpretation related to fees with an exposure period until June 15, 2020.

Exposure of the revisions to the “Solicitation or Disclosure of CPA Examination Questions and Answers” interpretation with an exposure period of 60 days.

### Interim business

Between the November and February meetings, approved the [November meeting minutes](#) by email.

### Welcome

Mr. Lynch welcomed the committee and discussed administrative matters.

### IESBA convergence: Fees

Mr. Long and Ms. Brack sought approval to expose two new interpretations and revisions to the conceptual framework for independence related to fees ([agenda items 1A–1B](#)).

The committee discussed structural and language differences between the IESBA and AICPA codes and agreed on several changes to the proposal in the agenda, including the following key changes:

- Clarifying that fees from network firms do not need to be considered for purposes of determining fee dependency
- Narrowing the scope of which client affiliates’ fees should be considered for purposes of determining fee dependency
- Adding a related exception to the client affiliates interpretation.

The committee voted to approve exposure, comment period, and proposed effective date.

### Solicitation or disclosure of CPA examination questions and answers

Ms. Young sought approval to expose the revised interpretations for all members ([agenda items 2A–2B](#)). The committee approved minor changes to verbiage and voted to approve exposure, comment period, and proposed effective date.

### IESBA convergence: Public interest entities

Ms. Snyder sought approval to expose a new definition of publicly traded entity and a revised definition of public interest entity ([agenda items 3A–3B](#)).

The committee discussed the proposal and requested revisions to clarify which attest services the public interest entities definition should apply to as IESBA's PIE requirements currently apply only to financial statement audit and review clients. The committee also discussed whether this scope would best be conveyed to members in the definition, in an interpretation, or in nonauthoritative material.

The task force will return with a revised exposure draft in May.

### IESBA tax planning and related services

Mr. Mintzer provided an overview of the IESBA Tax Planning and Related Services exposure draft ([agenda items 5A–5B](#)). The committee discussed the contents of the exposure draft. There is a joint working group with the Tax Executive Committee to draft a comment letter, being led by Henry Grzes on the staff side.

### IESBA update

Mr. Mintzer and Ms. Gorla provided an update on IESBA's activities for the previous quarter ([agenda items 6A–6G](#)). Items of note include the following:

- *Public interest entity (PIE) rollout* – IESBA received a brief update on IAASB's narrow-scope PIE project and agreed to hold a virtual meeting in late January 2023 to clarify the scope of the transparency requirements to review engagements. This input will help inform IAASB's consideration of whether revisions are necessary to its standards addressing review engagements.
- *Technology* – Convergence steps are being assessed for the revisions adopted related to the standards-setting workstream performed by the Technology Task Force (TTF).
  - The second workstream is being conducted by the Technology Working Group (TWG). During the November–December 2022 meeting the TWG presented its proposed four-pillar approach to monitoring technology developments going forward, with a planned re-evaluation in December 2023.
  - IESBA agreed to reconstitute the TWG as a smaller working group. Part of the new working group's remit will be to maintain the liaison with the Technology Experts Group.
- *Engagement team* – IESBA adopted the engagement team revisions to the IESBA code. The revisions are expected to be effective for periods beginning on or after December

15, 2023. The revisions and basis for conclusion document are expected to be issued by early April 2023. Convergence steps will be assessed once issued.

- *Strategy and work plan* – During the November–December 2022 meeting, IESBA considered a first-read draft of the SWP Consultation Paper and a report-back jointly prepared by the Technology Task Force and Technology Working Group regarding the recommendations from the Technology Working Group’s phase 2 report. IESBA also agreed that its focus over the next two years should be on its new sustainability and use of experts’ projects and acknowledged the need to allow for flexibility to revisit priorities if unforeseen circumstances arise.
- *Sustainability* – IESBA approved the project proposal in December 2022. It has two goals:
  - To develop ethics and independence standards for use by all sustainability assurance providers, which includes professional accountants and non-professional accountants
  - To revise the IESBA code to address ethics issues related to sustainability reporting.

Work will be performed in two workstreams:

- Independence in sustainability assurance engagements
- Assurance and ethics in sustainability reporting and assurance.

The projected timeline includes approval of an exposure draft at the December 2023 meeting.

- *Experts* – IESBA initiated this project to address the ethics and independence issues that can arise when experts work alongside professional accountants (PAs) in business (PAIBs) and in public practice (PAPPs).

Key activities reported at the November–December 2022 IESBA meeting include the following:

- Panel discussion co-hosted by IFAC and ASEAN Federation of Accountants – October
- Panel discussion co-hosted by the Pan African Federation of Accountants – October
- Q&As – Expected issuance January 2023
- Updated jurisdictional PIE definitions database project is in process

### Unpaid fees

Ms. Young sought input on a revised Q&A ([agenda item 4](#)). The committee recommended a minor edit and approved the release of the Q&A.

### Simultaneous employment or association with an attest client

Ms. Allen provided an overview of recent activities and sought input on direction. The current interpretation concludes that independence is impaired if any partner or professional employee of a firm is employed by or associated with an attest client. The task force is exploring possible new approaches as the interpretation might restrict employment by firm professionals that do not raise significant (or any) threats to independence. The task force has done an analysis of the code and wants to have a greater understanding of potential consequences of changing the rule. The task force plans to conduct outreach to stakeholders and asked for the committee's suggestions on the planned approach. The committee gave input on the direction of the task force.

### Private equity investment in firms

Ms. Farris provided an update of task force activities. Staff met with firms who have recently gone through transactions to discuss challenges they had with applying the "Alternative Practice Structures" interpretation (ET sec. 1.810.050) and what tools they thought would be helpful. The task force also obtained a model example and spoke with an attorney familiar with the structures and corresponding state board rules. The task force will meet again in March to determine a chairperson and develop a charge.

### DOL independence rules

Ms. Young provided an update on recent activities. Staff has scheduled a meeting with the new Assistant Secretary of Labor. The AICPA – DOL Independence comparison has been updated for the new interpretive bulletin that was released by the DOL in September of 2022. The introduction was changed to highlight that the DOL uses a facts and circumstances approach, modeled after the SEC. The actual changes in the bulletin and reflected in our updated comparison were for the definition of office, definition of period of professional engagement, and the financial interests divestiture option for publicly traded securities.

### Future meeting dates

The following quarterly PEEC meeting dates are set:

- May 9–10, 2023
- August 9–10, 2023
- November 8–9, 2023

## Appendix

## Exhibit 1

### Guests in attendance at the February 2023 meeting

	Name	Organization
1.	Adell Battle	AICPA, Senior Manager — Exam Content
2.	Henry Grzes	AICPA, Lead Manager — Tax Practice and Ethics
3.	Daniela Henderson	AICPA, Senior Data Analyst — Firm Services
4.	Kari Hipsak	AICPA, Senior Manager — Firm Services
5.	Carrie Kostelec	AICPA, Lead Manager — SOC & Related Services
6.	Kim Kushmerick	AICPA, Director — Accounting Standards
7.	Samantha Miller	AICPA, Senior Manager — Public Relations, Reputation & External Affairs
8.	Carl Peterson	AICPA, Vice President — Small Firms
9.	Brian Wilson	AICPA, Director — Audit & Attest Standards
10.	Sonia Araujo	PwC
11.	Arthur Auerbach	Arthur Auerbach, CPA
12.	Owen Bailitz	Armanino LLP
13.	Rita Barnard	Kansas Society of CPAs
14.	Rosemarie Barnickel	Rosemarie Giovinazzo-Barnickel, CPA
15.	Lindy Beldyga	Plante Moran, PLLC
16.	Sheila Border	Wipfli LLP
17.	Tammie Brown	U.S. Department of Health and Human Services
18.	Samuel Burke	PwC



	Name	Organization
19.	Timothy Burke	Burke & Associates
20.	Thomas Burtner	RSM US LLP
21.	D. Boyd Busby	Alabama State Board of Public Accountancy
22.	David Chiang	MNP LLP
23.	Allan Cohen	RSM US LLP (Retired)
24.	Karen Cookson	U.S. Department of Housing and Urban Development
25.	Kelly Costanzo	RSM US LLP
26.	Monique Cote	MNP LLP
27.	Michele Craig	BakerTilly US, LLP
28.	Melissa Critcher	Chair — AICPA Enforcement Subcommittee
29.	Debra Cutler	Debra A. Cutler CPA PC
30.	Andreea Danel	EisnerAmper LLP
31.	Kimberly Deyak	Plante Moran, PLLC
32.	Kenny Diaz	RSM US LLP
33.	Sarah Doran	RSM US LLP
34.	Daniel Dustin	NASBA
35.	Shelly Van Dyne	BDO
36.	Shimon Einhorn	S Einhorn and Company LLC
37.	Jennifer Elder	Moss Adams LLP

	Name	Organization
38.	Frank Ellison	U.S. Department of Energy
39.	Kristin Fee	WithumSmith+Brown, PC
40.	Mira Finé	Mira J. Finé
41.	Cathleen Finneran	PwC
42.	Daniel Florek	Deloitte
43.	Tim Follett	Weaver and Tidwell, LLP
44.	Wendy Garvin	Tennessee State Board of Accountancy
45.	Shelly Gower	Plante Moran, PLLC
46.	Andrew Gripp	Crowe LLP
47.	Trey Hardy	Central Plateau Cleanup Company
48.	Ann Harris	PwC
49.	Allison Henry	Pennsylvania Institute of CPAs
50.	Annette Hill	Ethics Chair — Montana Society of CPAs
51.	Kelly Hnatt	External Counsel
52.	David Holets	Crowe LLP
53.	Amanda Hulien	RSM US LLP
54.	Gerard H. Schreiber Jr	Schreiber & Schreiber, CPAs
55.	Diane Jules	CohnReznick LLP
56.	Vassilios Karapanos	U.S. Securities and Exchange Commission
57.	Linda Kuersten	Fermi Research Alliance, LLC

	Name	Organization
58.	Kimberly Kuhl	KPMG
59.	Sara Kurtz	Eide Bailly LLP
60.	Jefferey Lewis	Jefferey C. Lewis, CPA
61.	Lynette Lindner	Connecticut Society of CPAs
62.	Jasdeep Mangat	U.S. Securities and Exchange Commission
63.	William Mann	Mayer Hoffman McCann P.C.
64.	Joe Marchbein	Rice Sullivan, LLC
65.	Brandon Mercer	Deloitte
66.	Paul Meyer	Cherry Bekaert LLP
67.	Andrew Mintzer	Hemming Morse, LLP
68.	Angela Miratsky	FORVIS, LLP
69.	Brad Muniz	CliftonLarsonAllen
70.	Jessica Mytrohovich	Georgia Society of CPAs
71.	David Nance	North Carolina State Board of CPA Examiners
72.	Garry Naples	Savannah River Mission Completion, LLC
73.	Juliette Nardella	RSM US LLP
74.	Jan Neal	Deloitte
75.	James Newhard	James J. Newhard, CPA
76.	Donna Oklok	Accountancy Board of Ohio
77.	Mariola Oscarson	Fermi Research Alliance, LLC

	Name	Organization
78.	Kurt Pany	Kurt Pany
79.	Kiersten Parks	RSM US LLP
80.	Reena Patel	Moss Adams LLP
81.	Paul Pierson	Illinois CPA Society
82.	Joseph Pooppally	N/A
83.	Brian Powers	Honkamp Krueger & Co., P. C.
84.	Renee Rampulla	Rampulla Advisory Services, LLC
85.	Rachel Reardon	Michigan Association of CPAs
86.	Laura Rice	Laura Rice, CPA
87.	John Robinson	RSM US LLP
88.	Frank Rosellini	Fermi Research Alliance, LLC
89.	Veronica Rutt	U.S. Department of Energy
90.	Lynne Sanders	North Carolina State Board of CPA Examiners
91.	Dylan Sanzo	RSM US LLP
92.	Eric Schreiber	415 Group
93.	Anna Seto	KPMG
94.	April Sherman	CliftonLarsonAllen
95.	Rachel Sinks	CliftonLarsonAllen
96.	Barbara Stofflet	Citrin Cooperman & Company, LLP
97.	Joseph Tapajna	University of Notre Dame

	Name	Organization
98.	Pierre Torres	EY
99.	Rachel Trafford	University of Massachusetts, Amherst
100.	Vasilios (Bill) Tziouras	Global Tax Management, Inc.
101.	Panayiotis (Peter) Voutsinas	RSM US LLP
102.	Mary Beth Walsh	RSM US LLP
103.	Dan Ward	Armanino LLP
104.	Kenya Watts	The Ohio Automobile Club / AAA Central Ohio
105.	Stephanie Sauer-Watts	PwC
106.	James West	BDO
107.	Duncan Will	CAMICO Mutual Insurance
108.	Ellen Wisbar	CBIZ, Inc.
109.	Adam Yee	U.S. Department of Energy
110.	Paula Young	EisnerAmper LLP
111.	Darlene Zibart	Kentucky Society of CPAs
112.	Shannon Ziemba	CliftonLarsonAllen