Page 42 – Definition of Member: The definition says that “A member is an associate or affiliate member or an international associate of the AICPA”. Why does the definition not include a regular voting member?

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Page 179 – 1.810.030: This section covers a member’s responsibility for actions of nonmembers. Paragraph .01 states that a member partner in a firm “will be responsible for compliance with the AICPA Code by all the firm’s professional employees…”. Paragraph .02 states, “If the nonmember partner violates the AICPA Code, the member would also be held accountable for that partner’s actions”.

This wording says that every individual AICPA member who is a partner in a firm will be held accountable for the actions of all professional employees and non-member partners including those in other offices around the country or around the world.

This issue was discussed when the Code was revised many years ago, and similar wording was changed to say that a member MAY be held responsible. That wording provides an opportunity to consider the circumstances to determine which member partner or partners should be held responsible. Using the word may in this way is consistent with the Council resolution governing the form of organization of firms.

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Page 181 – 1.820.020: This section speaks of, “A CPA member who is in partnership with non-CPAs….”. That would include all members in CPA firms which have one or more non-CPA partners. Thousands of CPA firms fit that definition since they are not comprised entirely of CPAs. Is this section intended to require all such CPA firms to “make it clear that the partnership itself” is not entirely comprised of CPAs? Does this preclude a firm with non-CPA partners from calling itself a CPA firm even though the CPA partners have majority control?

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Page 38 – Definition of Control:
Page 45 - Definition of Significant Influence:

I am bothered by our Code containing definitions which are subject to change by some other entity. If the FASB changes these definitions, ours would automatically change in a way which may, or may not, meet our approval for ethical purposes. If we are not going to spell out our own definitions (which could coincide with those of the FASB), we should consider stating that the definitions are those of the FASB in effect at a specific date – perhaps the date of enactment of the Revised Code.

As a practical matter, I have not, so far, found the term Significant Influence used in this draft of the Code revision. It may be in there somewhere, but I have not found it.

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