

June 15, 2018

American Institute of CPAs  
Professional Ethics Division  
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**Re:** Proposed Revised Interpretation, “Information System Services,” dated March 15, 2018

This letter is in response to the AICPA Professional Ethics Division revised Exposure Draft, “Information System Services,” dated March 15, 2018.

**Background**

UHY LLP is a firm of certified public accountants that has 72 partners that use professional staff of approximately 650 individuals through an alternative practices structure arrangement with an associated entity, UHY Advisors, Inc. and its operating subsidiaries.

**Overall Comments on Exposure Draft**

In general, this set of restrictions proposed in the revised Exposure Draft (ED), “Information System Services,” seem reasonable for a CPA firm dealing with its attest clients.

We discuss the issues posed in ED **Section III. Request for Specific Comments** and to the **Text of Proposed Interpretation**, “Information Systems Services.”

**III. Request for Specific Comments**

*1. Do you believe the terminology used in the proposal is consistent with industry practice and will be readily understood by members who do and do not practice in this arena?*

Yes, this proposal is straightforward and should be understandable by all members.

*2. The definition of a financial information system proposes in part to include a system that generates information that is significant to the financial statements or financial processes taken as a whole.*

***2a. The proposal currently does not include specific guidance on what is “significant,” leaving the determination to the professional judgment of the member. Do you believe this is appropriate? If you believe specific guidance should be included, please explain how you believe “significant” should be defined.***

UHY LLP believes that leaving this determination to the professional judgment of the member is the best approach.

***2b. By including the concept of “significant” in the definition of a financial information system, it could be perceived that PEEC has proposed a less restrictive standard than the current interpretation, which would allow the member to design or develop a component of the financial information system that is not significant to the financial statements or financial process as a whole. Do you believe this exception is appropriate? Why or why not***

UHY LLP believes this exception is appropriate. CPAs should be permitted and encouraged to help their clients solve problems in all areas except where it negatively affects their independence.

***2c. Do you think the phrase “financial process” makes it clear that members should be thinking broadly about processes that may affect a financial process such as information technology general controls?***

Yes, we believe the phrase, “financial process,” encourages members to think broadly. However, it would be useful if the final Interpretation provided more examples that go beyond simply IT general controls. For example, it could be interpreted that any system along a platform could be considered a financial system, even a Customer Relationship Manager (CRM) system depending on how it is configured and what functions it performs (e.g., sometimes CRM systems are used for customer billing and aggregation of revenue for the financials). An example covering this type of information system would be helpful.

***2d. One of the factors proposed that may assist members in determining whether a nonattest service is related to a financial system is whether the system gathers data that assists management in making decisions that directly affect financial reporting. Do you believe this would include management-level dashboard reporting? Why or why not?***

Yes, UHY LLP believes this would include management-level dashboard reporting. A client will use these dashboards to make significant business decisions. If there is an error in the dashboards the client relies on, this could create a situation in which the member has negatively affected the client’s business results by “generating information that affects a financial process.” In addition, if the member applies judgment in configuring the dashboards and that judgment skews the reporting in favor of certain areas while ignoring other areas, this could create a conflict in the event that those business decisions turn out to be incorrect.

**3. One of the factors proposed that may assist members in determining whether a nonattest service is related to a financial system is whether the system gathers data that assists management in making decisions that directly affect financial reporting. Do you believe this would include management-level dashboard reporting? Why or why not?**

UHY LLP believes that, as members continue to expand relationships to perform implementation services for financial-related tools containing planning, consolidation, modeling, reporting and analytics functionality, such as BlackLine or Host Analytics), independence standards will need to clearly define what work members cannot perform for attest clients. It is our opinion that, as long as members limit their work to configuration and setup and stay away from implementation decisions that would have an effect on internal controls over financial reporting, assisting attest clients to implement finance-related tools should be an acceptable nonattest service.

**4. If adopted as proposed, do you believe the extended period of time would be needed to implement the guidance? Why or why not?**

We believe the implementation period proposed is acceptable.

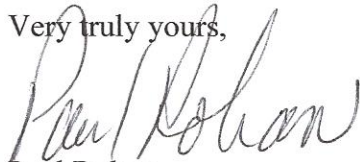
**Text of Proposed Interpretation, “Information Systems Services”**

Our comments in this section of the ED are limited to proposed paragraph 19, which deals with ‘System and Network Maintenance, Support and Monitoring.’ UHY LLP believes the restrictions outlined would NOT allow members to perform cybersecurity monitoring for attest clients, which is a service we have discussed providing. Our cyber-related services for attest clients would be limited to assessments that do not entail directly implementing changes to infrastructure (such as firewalls or security hardware/software).

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Thank you for the opportunity to comment on this important matter. Should you have any questions, please feel free to contact David Hartley at 314-615-1244.

Very truly yours,



Paul Rohan

Partner

National Director of Financial Reporting and Quality Control