

August 8, 2018

Mr. Samuel L. Burke  
Chair, AICPA Professional Ethics Executive Committee  
AICPA  
220 Leigh Farm Road  
Durham, NC 27707

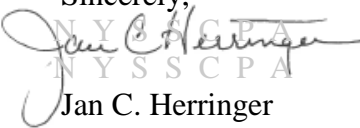
Via email: [Ethics-ExposureDraft@aicpa-cima.com](mailto:Ethics-ExposureDraft@aicpa-cima.com)

**Re: AICPA Professional Ethics Division Exposure Draft, Proposed Interpretation—  
*Disclosing Client Information in Connection With a Quality Review***

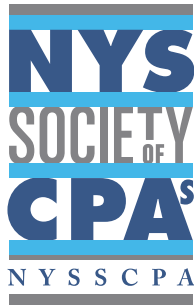
Dear Mr. Burke:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Elliot L. Hendler, Chair of the Professional Ethics Committee, at (212) 719-8300, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,  
  
Jan C. Herringer  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**AICPA PROFESSIONAL ETHICS DIVISION EXPOSURE DRAFT, PROPOSED  
INTERPRETATION—*DISCLOSING CLIENT INFORMATION IN CONNECTION WITH  
A QUALITY REVIEW***

**August 8, 2018**

**Principal Drafters**

**Elliot L. Hendler  
Steven J. Leifer  
Victoria L. Pitkin**

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### **NYSSCPA Staff**

Ernest J. Markezin

**New York State Society of Certified Public Accountants**

**Comments on**

**AICPA Professional Ethics Division Exposure Draft, Proposed Interpretation—  
*Disclosing Client Information in Connection With a Quality Review***

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the AICPA's Professional Ethics Executive Committee (PEEC) exposure draft, Proposed Revised Interpretation—*Disclosing Client Information in Connection With a Quality Review* (proposed interpretation).

We have the following responses to the proposed interpretation's Request for Specific Comments.

**Question 1: Is it clear that the proposal is applicable to quality reviews as described in Treas. Reg. 7216, which includes voluntary tax practice reviews, and similar reviews that would be subjected to Treas. Reg. 7216?**

**Response:** We believe that while the body of the text makes clear that the proposed interpretation applies to quality reviews as described in Treas. Reg. 7216, the title of the proposed interpretation is less clear. We believe that *Disclosing Client Information in Connection with a Quality Review* would lead most practitioners to believe that the contents of the proposed interpretation address confidentiality issues associated with a peer review or other such attest-centric review. We therefore suggest that the title of the proposed interpretation address the content of the proposed interpretation. For example, *Disclosure of Client Information in Connection with a Quality Review, Including Voluntary Tax Practice Reviews* might be a more helpful title.

**Question 2: Is it clear that confidential state and local tax information is included in the scope of confidential client information addressed by the proposed interpretation? Is it clear that the requirements of Treas. Reg. 7216 would apply to that information in the context of the proposed standard?**

**Response:** Because the proposed interpretation only discusses the Treasury Regulations, we believe that a member might conclude that the proposed interpretation only applies to quality reviews as applied to Federal income tax information. Therefore, we suggest that PEEC add clarifying language to the proposed interpretation specifying that the interpretation applies to quality reviews of all tax information regardless of the jurisdiction.

**Questions 3: Do you agree that a confidentiality agreement should be recommended as an additional safeguard if the member determines it is necessary instead of being a required safeguard for all quality reviews?**

**Response:** We agree with PEEC that a written confidentiality agreement should be recommended as a safeguard to reduce the threat to an acceptable level. We believe PEEC’s approach of suggesting possible safeguards is consistent with other interpretations within the *Code of Professional Conduct*.

**Question 4: Do you recommend the consideration of any other safeguards in paragraph .02?**

**Response:** The best safeguards available would be the two identified in the proposed interpretation – a written confidentiality agreement or de-identifying the tax return information provided to the reviewer. We do not envision any additional safeguards that would adequately address the threat, however, the PEEC might consider identifying what specific information – name, address, SSN/EIN, etc. – should be removed in order to adequately de-identify the tax return.

**Question 5: Do you foresee any hardships or obstacles to implementation of the proposed standard?**

**Response:** We have not identified any hardships or obstacles to implementation of the proposed interpretation.

**Final Comment**

PEEC has suggested an effective date for the final interpretation of the last day of the month in which the final interpretation appears in the *Journal of Accountancy*. We recommend delaying the effective date by three months to allow members adequate time to familiarize themselves with the interpretation and consider what actions, if any, need to be taken to implement the interpretation.