



Professional Ethics Division
American Institute of Certified Public Accountants
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Re: Proposed Interpretation of the AICPA Code of Professional Conduct: Disclosing Client Information in Connection with a Quality Review (ET sec. 1.700.110)

Dear Toni Lee-Andrews, Director

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Proposed Revised Interpretation. The FICPA has more than 20,000 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of approximately 23 members, of whom 48% are from local or regional firms, 26% are from large multioffice firms, 13% are sole practitioners, 9% are in international firms, and 4% are in education. The Committee has the following comments related to the proposed interpretation:

1. The Committee believes the proposal is applicable. The example provided within paragraph .02 of the proposed interpretation is clear. In addition, there is explicit guidance within the proposed interpretation, "Performed under monitoring requirements of the member's tax practice quality control document," that confirms the intention of the interpretation to differentiate a quality review from other type of reviews that could be misconstrued by the reader and to be consistent with the interpretations of Treas. Reg. 7216.
2. The Committee believes confidential state and local tax information is clearly in the scope of the proposed interpretation. Within Treas. Reg. 301.7216-2(p), as referenced in paragraph .03 of the proposed interpretation, it explicitly describes tax information in conjunction with tax return preparation that would be applicable for disclosure in connection with a quality review. In addition, Treas. Reg. 301.7216-2(P) provides which parties can be disclosed tax information in connection with a quality review. The regulation also provides protections for client confidential information to not allow disclosure of tax information used for a quality, peer, or conflict review for any other purpose.
3. The Committee believes a confidentiality agreement should be strongly recommended even when the threat is at an acceptable level. Confidentiality agreements provide additional protections to all parties involved and is in the best interest of the client to reinforce the importance of maintaining confidentiality of client information in conjunction with Treas. Reg. 7216.
4. No additional safeguards would be necessary if a confidentiality agreement is executed.

5. Yes. The diversity of definitions by state can lead to confusion if the state definition contradicts the definition per Treas. Reg. 7216 and the proposed interpretation.

One example, from Florida defines a quality review under Florida Statue 473.316 as “A study, appraisal, or review of one or more aspects of the professional work of an accountant in the practice of public accountancy which is conducted by a professional organization for the purpose of evaluating quality assurance required by professional standards, including a quality assurance review. The term includes a peer review as defined in s. 473.3125.” Another example from New York defines quality reviews under Article 149 as “A review of the firm’s attest services.”

Respectfully submitted,

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