

August 15, 2018

Ms. Toni Lee-Andrews  
Ethics Team  
AICPA  
220 Leigh Farm Road  
Durham, NC 27707

**Re: June 20, 2018 PEEC Exposure Draft (ED), *Proposed Interpretation to the AICPA Code of Professional Conduct: Disclosing Client Information in Connection with a Quality Review (ET sec 1.700.110)***

Dear Ms. Lee-Andrews:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC has reviewed the ED and is providing the following comments for your consideration.

#### **GENERAL COMMENTS**

TIC appreciates the work of PEEC to clarify whether quality reviews as described by Treas. Reg. 7216 were included in those exceptions to obtaining specific client consent. We believe this is a welcome clarification and should result in less diversity in practice.

#### **SPECIFIC COMMENTS**

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

Yes. TIC believes it is clear that the proposal is applicable to quality reviews as described by Treas. Reg. 7216 and similar reviews that would be subject to Treas. Reg. 7216.

**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?*

TIC believes this may not be totally clear with regard to SALT returns. The provisions mainly appear to be focused on IRS regulated returns, while the SALT returns would be under the jurisdiction of each State. TIC would suggest that something should be added to paragraph .02 to specifically state that this guidance applies to SALT returns as well.

***Question 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?*

Yes, TIC believes that if they meet Treas. Reg. 7216, it should be up to the member to determine if a confidentiality agreement is necessary instead of being a required safeguard for all quality reviews. TIC believes that items related to firm practice and risk management should be left out of the standards and up to a member to make those determinations based on the circumstances.

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

The only potential item TIC might ask PEEC to consider is redacting the personal identifiable information of all engagements reviewed as an additional safeguard.

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

TIC believes this could present an obstacle for firms that do not currently have a formal system of quality control review document (for example, if they are strictly a tax practice). Therefore, TIC would suggest changing the terminology in the interpretation to firm's policies and procedures to be reflective of these situations.

TIC appreciates the opportunity to present these comments on behalf of PCPS Member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Westervelt". The signature is written in a cursive, flowing style.

Michael A. Westervelt, Chair  
PCPS Technical Issues Committee  
cc: PCPS Executive and Technical Issues Committees