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Professional Ethics Executive Committee
Professional Ethics Division
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via e-mail: Ethics-ExposureDraft@aicpa-cima.com

Re: Comments on Exposure Draft, *Proposed Interpretation, State and Local Government Client Affiliates*, AICPA Professional Ethics Division dated January 11, 2019

Dear Committee Members:

Crowe LLP appreciates the opportunity to comment on the American Institute of Certified Public Accountants ("AICPA") Professional Ethics Executive Committee's ("PEEC") January 2019 Exposure Draft, *Proposed Interpretation, State and Local Government Client Affiliates* (Exposure Draft) which provides a conforming revision to the definition of financial statement attest client for state and local government client affiliates.

We appreciate PEEC's consideration and response to the feedback provided by the comment letters to the initial exposure draft. We believe the revised exposure draft substantially addresses the concerns raised by the industry and provides a balanced and sufficient approach to identifying relationships and circumstances that reasonably bear on independence.

Please see our responses below to PEEC's requests for specific comments.

Response to Request for Specific Comment

- 1. Are the examples of circumstances or relationships with nonaffiliates that could result in the member consulting the "Conceptual Framework for Independence" helpful to assessing when the conceptual framework may be applicable? If not, please provide other suggested examples or circumstances that should be included.**

We do not have any additional examples of circumstance or relationships that we believe should be added to the guidance.

- 2. Does this exposure draft provide clear guidance to the member on how to determine which entities are affiliates to the financial statement attest client? If not, please explain what areas in this exposure draft are unclear.**

We believe the guidance for identifying which entities are affiliates is clear.

- 3. Is it clear that investments will only be considered an affiliate if they are held by the financial statement attest client or by an affiliate under item a.i. of paragraph .03? If not, please provide a suggested clarification on how to make it clear that investments of these two entities only will be considered an affiliate.**

We believe the guidance is clear.

4. What implementation guidance do you believe would be helpful for the Ethics Division to develop so that the interpretation can be successfully implemented?

We suggest PEEC consider preparing visual presentations of typical state and local government structures and identify which entities would likely be affiliates to assist members in implementing and applying this guidance.

Crowe LLP appreciates the PEEC's efforts in providing additional guidance. We would be pleased to respond to any questions regarding our comments. Should you have any questions please contact Jennifer Kary at (574) 239-7886.

Cordially,


Crowe LLP