

February 28, 2020

Brian S. Lynch, Chair
AICPA Professional Ethics Executive Committee

Toni Lee-Andrews, Director
AICPA Professional Ethics Division

Via email to ethics-exposedraft@aicpa.org

RE: AICPA Professional Ethics Division – Strategy and Work Plan Consultation Paper

Dear PEEC Members:

The Professional Ethics Committee of The Ohio Society of CPAs is pleased to provide comment on the AICPA Professional Ethics Division's proposed Strategy and Work Plan.

The committee agrees that changes in business structures and relationships, technological advances, and the regulatory environment necessitate the need to revisit the topic areas discussed. Comments on the specific topics follow:

Business relationships

We did not identify any additional specific types of relationships for consideration.

Definition of "office"

We agree that technology has made it more difficult to determine when the definition of "office" has been met for determination of covered members in an independence consideration. However, committee members find the current guidance sufficient, and continue to support a principles-based definition relying upon reporting structures and ability to influence the attest engagement, rather than introducing more specific rules.

Client affiliates

Committee members agreed that the current guidance is all-encompassing, so there is no need for additional guidance. While we continue to apply the guidance as currently written within our firms, the matter is not increasingly affecting the professional practice of our members.

Artificial intelligence

We agree that a task force would be valuable in this area due to new challenges being addressed by CPA firms. Challenges identified by the committee include:

- Data confidentiality, for example, when company information is shared on an outsourced network
- Identifying how information is aggregated
- Outsourcing conducting the analysis

- Who is doing the programming?
- Who is responsible for inaccuracies?
- Auditing standards addressing what assertions need to be obtained, and what reliance is being placed on the data.

All but the last item above are challenges for both members in business and members in public practice.

Simultaneous employment or association with an attest client

The committee agrees with revisiting whether any additional exceptions should be appropriate, and supports the exception for military service. Additional challenges we have faced include simultaneous employment in non-accounting and non-decision making roles with attest clients that have multiple work locations across a wide geographic area (such as in a retail store environment,) which is difficult to police and presents no opportunity to influence the attest engagement. Firms have also inquired about a transitional period for a covered member to break off all ties when changing employment.

Digital assets

Digital assets present several unique considerations, including custody, valuation, and determination of the market, that would benefit from a review of ethics implications from members with specialized expertise.

529 college savings plans

The committee did not find the challenges of 529 plans to be substantially different from determining significant holdings in any other type of indirect investment.

Reporting of an independence breach to an affiliate that is also an attest client

This has not been an issue for our group.

De minimus fees

The committee encourages AICPA to retain the current guidance for protection of our member firms as support for terminating engagements as a good business practice.

Proposed new member enrichment projects

The committee did not identify any additional enrichment topics at this time.

We appreciate the opportunity to comment on the proposed Strategy and Work Plan. If you have any questions, please contact me at the below email address.

Best Regards,

Matthew G. Juengling, CPA, Chair
Professional Ethics Committee
mattj@mellottcpa.com