



California Board of Accountancy
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December 6, 2020

Professional Ethics Executive Committee
c/o Toni Lee-Andrews, Director
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

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

Re: Staff Augmentation Arrangements

Dear Ms. Lee-Andrews:

The California Board of Accountancy (CBA) appreciates the opportunity to consider and comment on the recent iteration of the American Institute of CPAs' (AICPA) Exposure Draft titled *Proposed Interpretation of the AICPA Code of Professional Conduct – Staff Augmentation Arrangements* (Exposure Draft).

The CBA discussed the Exposure Draft at its November 19, 2020 meeting. The CBA considered the practical application of how the concept of staff augmentation would affect the CBA's mission of consumer protection and whether the proposal offered in the Exposure Draft advances or detracts from this overall mission.

Independence is a cornerstone of the CPA profession. The CBA realizes that the revised and reissued proposal included in the Exposure Draft seeks to provide enhanced guardrails for evaluating and mitigating independence. The safeguards remain, however, highly subjective and open to considerable interpretation. This ultimately would lead to potential issues with enforceability.

For these reasons, the CBA is not in a position to support the proposal at this time. The CBA will continue to monitor the issue and should the AICPA expose another revised proposal, the CBA will consider any revisions for possible comment. Should the AICPA adopt the existing proposal, the CBA will consider any outcome and evaluate whether to take action to update the California Accountancy Act, CBA Regulations, or both.

Sincerely,

A handwritten signature in cursive script that reads 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA
CBA President

c: Ken Bishop, CEO and President, National Association of State Boards of Accountancy