

December 7, 2020

Professional Ethics Executive Committee  
c/o Toni Lee-Andrews, Director  
American Institute of Certified Public Accountants  
Via email: [Ethics-ExposureDraft@aicpa.org](mailto:Ethics-ExposureDraft@aicpa.org)

**RE: September 8, 2020 Proposed Interpretation - Staff Augmentation Arrangements**

Dear Members of the Professional Ethics Executive Committee:

We appreciate the opportunity to comment on the above referenced exposure draft. Following, please find our responses to the specific questions posed in the exposure draft:

**Question a: Should staff augmentation arrangements with attest clients be permitted under any circumstances? Why or why not?**

Yes, we believe staff augmentation arrangements with attest clients should be permitted in circumstances where all of the safeguards listed in paragraph .02 of the exposure draft are met. Additionally, we feel that the subject matter and type of services to be performed in the staff augmentation arrangement should be considered. Based on the vast array of service offerings offered by modern CPA firms, staff augmentation services may be provided in an area completely unrelated to the subject matter of the attest engagement and those services may not create a significant threat to independence.

**Question b: If you believe staff augmentation arrangements should be permitted, do you agree with the proposed interpretation, including the proposed safeguards, that would allow such arrangements in very limited situations? Why or why not?**

While we agree with the proposed safeguards in general, we have a few points for consideration:

- Within the text of the proposed interpretation, paragraph .02a refers to “an unexpected situation” and paragraph .02b refers to “arrangement is not expected to reoccur.” Paragraph .02b seems redundant and unnecessary, as by its very nature, an unexpected situation would not be foreseen and therefore not expected to reoccur. From that perspective, we recommend removing the safeguard within paragraph .02b.
- We believe consideration should be given to whether there could be alternative safeguards to allow longer term assignments, in certain situations, when the augmented staff duties and involvement does not at all overlap with the subject matter of the attest engagement. Such safeguards could include a requirement for a clearer definition of the staff augmentation role, including limitations on what the augmented staff will or will not perform, definition of duties and limitations on access.

**Question c: Do you believe that 30 days is an appropriate time period for the attest client to make other arrangements (see par. .02c of the interpretation)? If not, why?**

Yes, we believe 30 days is sufficient time for the attest client to make other arrangements.

**Question d: Should an exception for staff augmentation arrangements with certain affiliates of a financial statement attest client, as described in paragraphs 14–19 of this explanation, be permitted?**

- i. **Why or why not?**
- ii. **If it should be permitted, should the proposed additions discussed in paragraphs 18–19 of this explanation be added as drafted or do you have suggested revisions?**

Yes, we believe an exception for staff augmentation arrangements with certain affiliates of financial statement attest clients, as described in the exposure draft, should be permitted. The application of the conceptual framework in these situations will ensure that threats are appropriately considered when they exist, but will not limit services where, because of the nature of the relationship of the affiliates, significant threats do not exist. Further we would agree that the proposed additions discussed in the exposure draft should be added as drafted.

**Question e: Do you believe there should be an exemption for staff augmentation arrangements for all SSAE engagements when the services provided by the augmented staff do not relate to the specific subject matter of the SSAE engagement, or should the exemption be limited to only AUPs under the SSAEs? Why or why not?**

Yes, we believe that there should be an exemption for staff augmentation services for SSAE engagements, so long as the services provided by the augmented staff do not relate to the specific subject matter. We feel the inclusion of such an exemption is consistent with the spirit of the existing interpretations related to SSAE engagements that are not Agreed Upon Procedures, including ET sec. 1.297.030.

**Question f: Are there specific aspects of the proposal that you believe are too permissive or too restrictive? If so, please explain.**

Please see comments included within responses to a and b above.

**Question g: Does a six-month delayed effective date allow firms enough time to implement the necessary policies and procedures and terminate any relationships that would no longer be permitted? Why or why not?**

Yes, a six-month delayed effective date allows firms enough time to implement the policies and procedures necessary to terminate any relationships no longer permitted. We believe the effective date communication should be clear that the interpretation applies to staff augmentation services provided subsequent to the effective date to eliminate confusion regarding the application of the effective date.

Thank you again for the opportunity to comment on this exposure draft. We would be happy to respond to any questions the committee or its members have about these comments. Please direct any questions to Jayme Moerdyke at [jayme.moerdyke@plantemorán.com](mailto:jayme.moerdyke@plantemorán.com) or at (248)223-3776.

Very truly yours,



Plante & Moran, PLLC