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December 20, 2021

Mr. Brian S. Lynch, Chair - Professional Ethics Executive Committee
Ms. Toni Lee-Andrews, Director - Professional Ethics Division
American Institute of Certified Public Accountants
1345 Avenue of the Americas, 27th Floor
New York, NY 10105

Mail to: Ethics-Exposure Draft@aicpa-cima.com

Re: Proposed New Interpretation: Accounting Standards Implementation Services (ET Section 1.295.113) Exposure Draft

Dear Mr. Lynch and Ms. Lee-Andrews:

Deloitte LLP (“Deloitte,” “our,” or “we”) is pleased to respond to the exposure draft issued by the Professional Ethics Executive Committee (“PEEC”) of the American Institute of Certified Public Accountants (“AICPA”) titled *Accounting Standards Implementation Services* (the “Proposed Interpretation”). We appreciate the opportunity to comment on the Proposed Interpretation and commend the PEEC for its continued efforts to re-examine and improve professional standards and guidance. We have included comments and recommendations on specific requested matters for consideration by the PEEC.

General Comments

We are generally supportive of the Proposed Interpretation and recognize robust guidance in this area will improve understanding and compliance with independence requirements. We agree the key elements of providing these nonattest services are 1) avoidance of performing any management responsibilities, and 2) ensuring the individual at the attest client possesses suitable skill, knowledge and/or experience to oversee the service and make all significant judgments and decisions with respect to the nonattest service. Notwithstanding our specific comments herein, we believe the Proposed Interpretation reflects these key elements and provides members with focused guidance when assisting attest clients with their implementation of accounting standards.

Comments in Response to items 7 and 8: *Request for Comments*

Paragraphs .02 and .03 Specific Comments

Paragraph .02 of the Proposed Interpretation contemplates examples of situations where threats would be at an acceptable level and independence would not be impaired, under the presumption the member has applied the “*General Requirements for Performing Nonattest Services*” interpretation [1.295.040] of the “*Independence Rule*” (the “*General Requirements*”). While we agree with the objectives of the examples, we suggest the following revisions to individual examples that we believe will clarify and assist members to appropriately apply the guidance.

- Paragraph .02c: *assist the attest client with summarizing the attest client's analysis and policies related to the accounting position under the standard.*

This item does not address whether the member could also *perform the analysis* of the potential impact of the accounting standard. We believe the current Code would allow a member to perform such an analysis subject to the general requirements and suggest adding a bullet point providing that the member may “analyze and advise management on the potential impact of the accounting standard on the entity’s accounting policies, procedures, and internal controls” to .02c as shown below. Further, .02c provides that a member may assist their attest client by summarizing their existing policies, while the example at .02h states a member may *provide recommendations related to application of the standard, including those related to possible revisions to existing policies and procedures and improvements to existing internal controls*. We suggest combining .02c and .02h to avoid any potential confusion as to permissible activities as shown below:

c. provide advice and recommendations related to application of the standard, including:

- ***analyze and advise management on the potential impact of the accounting standard on the entity's accounting policies, procedures, and internal controls***
- ***recommend possible revisions to existing policies, procedures, and internal controls***
- assist the attest client with summarizing the attest client’s analysis and policies related to the accounting position under the standard.

~~h. provide recommendations related to application of the standard, including those related to possible revisions to existing policies and procedures and improvements to existing internal controls.~~

~~i-h. provide recommendations related to existing or new information technology systems as a result of the accounting standard.~~

- Paragraph .02d: *provide observations and recommendations on management's overall project plan timeline to adopt the accounting standard.*

As written, it is unclear whether the member may assist management in developing an overall project plan timeline for adopting the standard, provided the General Requirements are met. We believe the current Code would allow for such assistance in addition to providing observations and recommendations on a plan previously defined and developed by management. Accordingly, we suggest the proposal be more explicit and allow for both types of assistance. As such, we suggest revising item .02d as follows:

.02d: provide observations and recommendations on management's **existing overall project plan timeline or assist management in developing an** overall project plan timeline to adopt the accounting standard.

- Paragraph .03d...*independence would be impaired if, for example, a member... d. designs new or redesigns existing internal controls over financial reporting.*

ET Section 1.295.030 *Management Responsibilities* of the AICPA Code prohibits members from “accepting responsibility for designing, implementing, or maintaining internal control.” Paragraph .03d of the Proposed Interpretation makes no reference to the concept of “acceptance of responsibility” included in ET 1.295.030, thus creating what we believe is an inconsistency in the guidance. We believe the current Code (subject to the General Requirements) would allow a member to propose/recommend refinements or improvements to an attest client’s existing internal controls over financial reporting without impairing independence, including in connection with the attest client’s adoption of an accounting standard. We suggest revising paragraph .03d of the interpretation to clarify *accepting responsibility* for such functions would impair independence:

"accepting responsibility for ~~designings new~~ or *redesignings* existing internal controls over financial reporting."

Effective Date

We agree the proposal should be effective ninety (90) days after notice is published in the *Journal of Accountancy* with early adoption permitted. The proposed interpretation is merely arranging key elements from extant guidance into a focused standard. Firms should already be complying with these requirements and should not require an extended delay in the effective date to make changes to quality controls and related processes.

We would be pleased to discuss our comments with you at your convenience. If you wish to do so, please contact Kathy Savage at ksavage@deloitte.com or +1.615.313.4371 or Jan Neal at janeal@deloitte.com or +1.615.259.887.

Sincerely,

Deloitte + Touche LP