



Professional Ethics Division

New interpretation

# Assisting Attest Clients With Implementing Accounting Standards

ET sec. 1.295.113

Effective December 31, 2022

Standards-setting

March 2022

Ethics interpretations and other guidance are promulgated by the executive committee of the Professional Ethics Division to provide guidelines about the scope and application of the rules but are not intended to limit such scope or application. Publication in the *Journal of Accountancy* constitutes notice to members.

The Professional Ethics Executive Committee adopted new interpretation "Assisting Attest Clients With Implementing Accounting Standards" (ET sec. 1.295.113) at its February 2022 meeting.

Notice of the revisions will appear in the *Journal of Accountancy* online in June 2022. The revisions are effective December 31, 2022, and early implementation is allowed.

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## 1.295.113 Assisting Attest Clients With Implementing Accounting Standards

- .01 When a member assists an attest client with planning and executing the implementation of an accounting standard, self-review or management participation threats to compliance with the “Independence Rule” [1.200.001] may exist.
- .02 If a member applies the “General Requirements for Performing Nonattest Services” interpretation [1.295.040] of the “Independence Rule” [1.200.001], threats would be at an acceptable level and independence would not be impaired if, for example, a member does the following:
- a. Develops and provides training to attest client personnel on the effects of the accounting standard
  - b. Researches, provides advice, makes recommendations, and assists management in identifying financial statement account balances, contracts, and transactions to be assessed under the accounting standard
  - c. Provides advice and recommendations related to the application of the accounting standard, including
    - i. analyzing and advising management on the potential impact of the accounting standard on the entity’s accounting policies, procedures, and internal controls
    - ii. recommending possible revisions to existing policies, procedures, and internal controls
    - iii. assisting the attest client with summarizing the attest client’s analysis and policies related to the accounting positions under the accounting standard
    - iv. preparing transition-related calculations to illustrate the impact of the application of the accounting standard for management’s consideration and selection
  - d. Provides observations and recommendations on management’s existing overall project plan timeline or assists management in developing an overall project plan timeline to adopt the accounting standard
  - e. Assists management in drafting implementation strategies or methods used to implement the accounting standard

- f. Assists the *attest client* in developing implementation templates or provides the *attest client* with firm-developed templates or tools, including those related to specific calculations under the accounting standard that meet the exception in paragraph .03a of the “[Information Systems Services](#)” interpretation [1.295.145] under the “Independence Rule,” provided the *attest client*’s management understands the nature of any underlying calculations and the impact the results will have on the financial statements
  - g. Proposes standard journal entries or adjustments to existing journal entries necessary for adoption of the accounting standard, subject to *attest client* approval in accordance with paragraph .02e of the “[Bookkeeping, Payroll, and Other Disbursements](#)” interpretation [1.295.120]
  - h. Provides recommendations related to existing or new information systems as a result of the accounting standard
- .03 However, *threats* to compliance with the “[Independence Rule](#)” [1.200.001] would not be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and *independence* would be *impaired* if, for example, a *member* does any of the following:
- a. Leads or supervises any *attest client* implementation team
  - b. Makes decisions on which recommendations to prioritize or how to implement the accounting standard
  - c. Sets any policy or procedures related to the accounting standard
  - d. Accepts responsibility for designing new or redesigning existing internal controls over financial reporting
  - e. Designs or develops new or redesigns existing financial information systems as described in the “Information System Services” interpretation [1.295.145] under the “Independence Rule”

#### Effective date

.04 This interpretation is effective December 31, 2022. Early implementation is allowed.

Nonauthoritative questions and answers regarding suitable skill, knowledge, and experience are available at <https://us.aicpa.org/interestareas/professionalethics/resources/tools/downloadabledocuments/nonattestservicesfaqs.pdf>

A nonauthoritative practice aid related to the “Information Systems Services” interpretation is available at

<https://us.aicpa.org/content/dam/aicpa/interestareas/professionalethics/community/exposedrafts/downloadabledocuments/2021/isspracticeaid.pdf>



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