

December 15, 2021

Mr. Brian S. Lynch
Chair, AICPA Professional Ethics Executive Committee
AICPA
220 Leigh Farm Road
Durham, NC 27707

Via email: ethics-exposedraft@aicpa.org

Re: AICPA Professional Ethics Division Exposure Draft: *Accounting Standards Implementation Services*

Dear Mr. Lynch:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 21,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

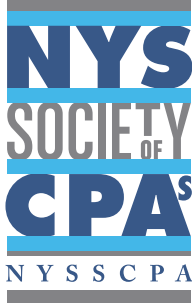
The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Victoria L. Pitkin, Chair of the Professional Ethics Committee, at (312) 670-0538, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in black ink, written over a faint, light blue watermark of the NYSSCPA logo. The signature is cursive and appears to read "Rumbi Bwerinofa-Petrozzello".

Rumbi Bwerinofa-Petrozzello
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**AICPA PROFESSIONAL ETHICS DIVISION EXPOSURE DRAFT: *ACCOUNTING
STANDARDS IMPLEMENTATION SERVICES***

December 15, 2021

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New York State Society of Certified Public Accountants

Comments on

AICPA Professional Ethics Division Exposure Draft: *Accounting Standards Implementation Services*

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the AICPA's Professional Ethics Executive Committee's (PEEC) Exposure Draft, *Accounting Standards Implementation Services*, dated September 20, 2021 (the Proposal).

General Comments

We observe that PEEC is proposing a new independence interpretation that, if adopted as final, would become Section 1.295.113, Accounting Standards Implementation Services, of the AICPA Code of Professional Conduct (Code) and would be applicable to members in public practice.

Though specific guidance exists to assist practitioners, we understand that PEEC believes a new interpretation combining key elements from extant nonattest services guidance will further foster understanding and, therefore, compliance with independence requirements.

We believe that the current independence guidance available in the Code is adequate to provide a framework for members in public practice to understand the independence requirements. New accounting and reporting standards such as Revenue Recognition (ASC 606) and Leases (ASC 842) have become more complex in recent years. Companies increasingly turn to their CPA to assist in understanding these new standards and, in some cases for assistance in adopting them. As a result, we believe there is a need to develop additional guidance for members in practice as to how to mitigate threats to auditor independence.

We welcome the development of guidance on implementing new accounting standards for members in public practice that clarifies the manner in which members in public practice can assist their clients without impairing their independence on assurance and attest engagements. Therefore, we believe that the Proposal should instead be used as a platform for developing such guidance for members in public practice similar to the non-attest guidance currently available, clarifying when the member in public practice can provide assistance without impairing independence.

Also, the proposed guidance should address the respective roles and responsibilities of the member in public practice and the member in business who possesses suitable skills, knowledge or expertise to oversee the services, evaluate the adequacy of services performed, and accept responsibility for the results of the non-attest services and accounting standards implementation services performed for the client. Compliance with independence requirements is more difficult when members in business do not acknowledge or understand that they are responsible for the preparation and fair presentation of their financial statements in accordance with the applicable financial reporting framework. Members in business should be more proactive in their role as the client's financial expert and less reliant on the members in public practice to perform non-attest services and implement new accounting standards. The member in business should be held accountable for providing a written summary of the accounting standards implementation plan as well as the results of their analysis.

We also suggest that there needs to be a focus in the guidance on analyzing the cumulative effect of a member in public practice providing multiple accounting standards implementation services to the client in addition to the non-attest services provided. As multiple new accounting standards are implemented, maintenance of the new accounting standards should be the responsibility of the member in business.

Specific Comment

We offer our response to the specific question in paragraph 8: **PEEC is seeking feedback on the effective date. Do you agree with the need for a delayed/effective date? Why or why not?**

Response: We believe that the Proposal should be implemented for the reasons discussed above. However, where new accounting standards are issued, a six-month (180 day) implementation period would allow firms time to analyze and implement these changes.