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Via electronic mail – Ethics-ExposureDraft@aicpa.org

RE: Proposed Interpretations and Definition Responding to Noncompliance with Laws and Regulations

The members of the Arkansas Society of Certified Public Accountants (ARCPA) Professional Ethics Committee (the Committee) appreciate the opportunity to comment on the proposed pronouncement referred to above. The ARCPA has a membership of over 3,500 CPAs and prospective CPAs from public practice and private industry. The Committee was formed to review exposure drafts and rulings issued by the AICPA in matters pertaining to professional conduct. Committee members were asked to review the proposed pronouncement and provide comments back to the ARCPA Executive Committee for approval. The following comments are based on the views of responding members of the Professional Ethics Committee and may not reflect the opinions of all ARCPA members.

Request for Specific Comment #1

Do you agree with the differentiation in requirements applicable to members in public practice providing services other than financial statement attest services?

RESPONSE

- Yes. The role of a provider providing attest services is not the same as the role of others in public practice and NOCLAR is more critical to an attest service.
- I agree with the differentiation between attest and nonattest services.
- Yes
- Yes, I agree. The differentiation seems logical and appropriate.

Request for Specific Comment #2

Do you agree that a litigation or investigation engagement as defined in, and subject to, SSFS No. 1, and an engagement to which the protections set forth in IRC Section 7525 apply, should be excluded from the proposed interpretation for members in public practice? If not, why? Are there other nonattest services that should be excluded from the proposed interpretation? If yes, please identify which services and explain why.

RESPONSE

- Yes, due to the sensitive and confidential nature of this information. No other services come to mind.
- I agree that tax services and litigation/investigation engagements should be carved out.

Comment #2 Response, continued

- Yes
- While I do not perform any of those types of engagements excluded from the coverage of this professional obligation, I do believe that it seems proper to exclude these types of services. Furthermore, I am unaware of any other nonattest services that should be excluded from the proposed interpretation.

Request for Specific Comment #3

Is a one-year transition period for the effective date appropriate? If not, why?

RESPONSE

- As provided with the accompanying ASB Exposure Draft, if I were to make any suggestion it would be to move the effective date up, but that may not be practical.
 - I suggest moving up because discussion between a predecessor and successor auditor is already required so the additional guidance and clarity in this exposure draft should not create a lot of additional work, time or logistical considerations once the guidance is in place and this knowledge sharing seems very important and critical for making informed decisions.
 - It should not be hard to follow once finalized so I would support an effective date that is as early as practical.
- One-year transition is sufficient.
- Yes
- Yes, the one-year transition period seems appropriate. Hopefully, this will allow sufficient time to receive updated information during continuing education hours.

On behalf of the ARCPA Professional Ethics Committee, thank you for the opportunity to submit comments on these matters. If you would like to discuss any of these opinions later, or if you need further information, please do not hesitate to contact me.

Sincerely,



Marsha Moffitt
Executive Director/CEO