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Brian S. Lynch
Chair-Professional Ethics Executive Committee

Via e-mail at ethics-exposedraft@aicpa.org

Re: Exposure Draft: Proposed revised interpretation, Unpaid Fees

Dear Mr. Lynch:

Carr, Riggs, & Ingram, LLC (CRI) is pleased to provide these comments to the AICPA Professional Ethics Executive Committee on the proposed revised interpretation, *Unpaid Fees*. We offer the following comments to the specific questions raised in the exposure draft.

- a. PEEC does not believe unpaid fees create advocacy threats and, as such, proposes to eliminate this from the interpretation. Do you believe the advocacy threat is applicable to unpaid fees? If so, please explain.

We believe unpaid fees could potentially lead a member to promote a client's interest or position to enhance the probability of collection. However, we agree that unpaid fees do not rise to a level to create an advocacy threat as defined in paragraph .11 of ET Section 1.000.010 entitled, *Conceptual Framework for Members in Public Practice*.

- b. Are the factors to consider when evaluating whether threats are at an acceptable level clear? Should any other factors be considered?

Yes, we believe that the factors presented in paragraph .02 are clear. We do not believe additional factors are necessary.

- c. Do you agree with the use of the terms "clearly insignificant" and "significant" in paragraph .03 of the interpretation? Why or why not?

Yes, we agree with the use of the terms “clearly insignificant” and “significant”. However, we believe that examples of circumstances that are considered “clearly insignificant” and “significant” would be helpful and would lead to consistency in the application of this interpretation.

We discussed a variety of questions on how the determination of the significance of unpaid fees to a covered member would be impacted by firm size and compensation structures. For example, are small firms more likely to have an independence problem since the unpaid fees are more likely to be significant to a covered member in a small firm? Conversely, are large firms more likely to have an independence since large firms have clients with larger fees? Finally, how will the differences in compensation structures impact the determination of the significance of the unpaid fees to a covered member? We believe that examples based on large and small firms as well as varying compensation structures would be helpful.

- d. Should any other safeguards be provided as examples in paragraph .04?

We believe the list of safeguards in paragraph .04 is sufficient.

- e. Are the safeguards in paragraphs .04a and .04d clearly delineated? Why or why not?

The safeguards in paragraph .04a and .04d are clearly delineated. We believe the use of the terms “appropriate reviewer” in paragraph .04a provides sufficient flexibility for a firm to implement this safeguard.

- f. Is it clear in paragraph .04f that communication with those charged with governance is not in itself a sufficient safeguard?

Yes, it is clear that communication with those charged with governance is not in itself a sufficient safeguard. Paragraph .04f specifically states that the communication should be in regards to the unpaid fees and the other safeguards applied.

- g. Do you agree that a six-month delayed effective date provides adequate time to implement the proposal? If not, why, and what period would provide adequate time?

We agree that a six month delayed effective date provides adequate time to implement the proposal. We also agree with the provision to allow early adoption.

Thank you for the opportunity to comment on this exposure draft. If you have any questions regarding the comments in this letter, please contact Dr. Steve Grice at 334-434-9473.

Very truly yours,

Cam, Riggs & Ingram, L.L.C.