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Professional Ethics Executive Committee  
Professional Ethics Division  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas, 19<sup>th</sup> Floor  
New York, NY 10036

Via e-mail: [Ethics-ExposureDraft@aicpa.org](mailto:Ethics-ExposureDraft@aicpa.org)

Re: Comments on Exposure Draft, *Proposed Revised Interpretation, Unpaid Fees*, AICPA Professional Ethics Division dated September 20, 2021

Dear Committee Members:

Crowe LLP appreciates the opportunity to comment on the American Institute of Certified Public Accountants ("AICPA") Professional Ethics Executive Committee's ("PEEC") September 2021 Exposure Draft, *Proposed Revised Interpretation, Unpaid Fees* (Exposure Draft) which provides revised interpretation for members in public practice regarding unpaid fees.

We support the PEEC's efforts to revise the "Unpaid Fees" interpretation to develop a principles-based framework for members to determine when unpaid fees impair independence and to converge with other standard setters. Answers to the specific questions in the Exposure Draft are included in our response.

### **Response to Request for Specific Comment**

**1. 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 do not believe the advocacy threat is applicable to unpaid fees.

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

We believe the factors to consider when evaluating whether threats are at an acceptable level are clear. We noticed the factors to consider include the significance of the unpaid fees to the covered member but does not include a factor to consider the significance of the unpaid fees to the attest client. We noted other interpretations in the AICPA's Code of Professional Conduct ("Code") where materiality to the covered member and the attest client are applicable factors to consider, such as when evaluating leases. It is our presumption the PEEC contemplated and concluded the significance of the unpaid fees to the attest client does not present an undue influence threat even when the fees are significant to the attest client as long as the fees are clearly insignificant to the covered member. To the extent our presumption is inaccurate and the PEEC did not consider this factor, we believe consideration should be made.

**3. Do you agree with the use of the terms “clearly insignificant” and “significant” in paragraph .03 of the interpretation? Why or why not?**

We agree with the use of the terms “clearly insignificant” and “significant” in the interpretation. The term “clearly insignificant” is used in other sections of the Code, such as the gifts and entertainment interpretation and “significant” is used extensively throughout the Code, so we believe these terms are known to members.

**4. Should any other safeguards be provided as examples in paragraph .04?**

We do not believe any other safeguards should be provided as examples in paragraph .04.

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

We believe the safeguards in paragraphs .04a and .04d are clearly delineated. The example safeguards appropriately align to the threats created by unpaid fees. The safeguard in paragraph .04d includes selecting the engagement for pre-issuance or post-issuance review. We believe members in public practice will understand the action taken in paragraph .04d is a review in accordance with the monitoring element of the firm’s system of quality control.

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

We believe it is clear that communication with those charged with governance is not in itself a sufficient safeguard as the Code indicates that safeguards solely implemented by the attest client are not sufficient to reduce a significant threat to an acceptable level (ET 1.210.010.20).

**7. 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 believe a six-month delay allows sufficient time for firms to develop policies and provide training as necessary to implement the proposal.

Crowe LLP appreciates the PEEC’s efforts in providing the revised interpretation. We would be pleased to respond to any questions regarding our comments. Should you have any questions please contact Jennifer Kary at (574) 239-7886 or Andy Gripp at (630) 586-5156.

Cordially,

  
Crowe LLP