

# OHIO AUDITOR OF STATE KEITH FABER



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Toni Lee-Andrews, Director  
Professional Ethics Division  
AICPA  
1211 Avenue of the Americas  
New York, NY 10036-8775

Dear Toni Lee-Andrews:

We appreciate the opportunity to respond to the Exposure Draft – *Proposed Revised Interpretation, Unpaid Fees*. The Auditor of State of Ohio is responsible for auditing, in accordance with generally accepted auditing standards, over 5,900 entities receiving public money in Ohio. We generally agree with the proposed interpretation and other guidance.

Our responses to the specific questions posed in the exposure draft follow.

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

- b. 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 are clear in the text and are appropriate for evaluating the significance of the threats.

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

We believe determining significance is somewhat subjective. Using the term “clearly insignificant” without any additional guidance leaves it open to varying interpretations. Providing additional guidance and/or examples could help to provide a more objective evaluation of what can be considered to be clearly insignificant.

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

We do not have any additional safeguard suggestions.

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

We are not sure why both a and d are needed. We believe the safeguard example in 4d with added guidance making it clear that the reviewer should be someone who has not provided attest or nonattest services to the attest client would also include the guidance in 4a.

Suggested safeguards identified in .04d suggests either a pre-issuance or post-issuance review. We are unsure how a post-issuance review would resolve a potential threat to independence. We believe the threat must either be eliminated or reduced to an acceptable level before the report can be issued.

**f. 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 since the language also appears to require communicating with those charged with governance the additional safeguards applied as well as the unpaid fees.

**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 believe 6 months is an appropriate time period. The revised interpretation does not appear to be any more restrictive than the current existing requirement.

Again, we appreciate the opportunity to comment. If you have any questions, please contact me at (614) 728-7108.

Sincerely,

Keith Faber  
Auditor of State



Robert R. Hinkle, CPA, CGFM  
Chief Deputy Auditor