



American Institute of Certified Public Accountants
Professional Ethics Division
Professional Ethics Executive Committee
Open meeting minutes
October 22, 2019

The Professional Ethics Executive Committee (committee) held a duly called meeting on October 22, 2019. The virtual meeting convened at 2:00 p.m. and adjourned at 2:40 p.m.

<p>Attendance: Brian Lynch, Chair Coalter Baker Chris Cahill Tom Campbell Robert Denham Anna Dourdourekas Kelly Hunter Sharon Jensen</p>	<p>Jennifer Kary William McKeown James Newhard Stephanie Saunders Lisa Snyder Peggy Ullmann Douglas Warren Lawrence Wojcik</p>
<p>Staff: James Brackens, VP – Ethics & Practice Quality Toni Lee-Andrews, Director Ellen Gorla, Associate Director Jennifer Clayton, Senior Manager Michele Craig, Lead Manager Aradhana Aggarwal, Manager Sarah Brack, Manager Liese Faircloth, Manager Jennifer Kappler, Manager Iryna Klepcha, Manager Michael Schertzinger, Manager April Sherman, Manager</p>	<p>John Wiley, Manager Shannon Ziemba, Manager Henry Grzes, Lead Manager - Tax Practice & Ethics Mao Chen, Manager – Product Management & Development Jeannette Koger, VP – Advisory Services & Credentialing Kelly Mullins, Manager – Support Services and Communications Elaine Bagley, Specialist Hanna Mayle, Job Coordinator</p>
<p>Guests: Catherine Allen, Audit Conduct Sonia Araujo, PwC S. Barry Tim Twofoot Boulette, New York State Society of CPAs Trish Brigham, Maine Society of CPAs Boyd Busby, Alabama State Board of Public Accountancy Ian Benjamin, Chair, Enforcement Subcommittee</p>	<p>Jo Ann Golden, New York State Society of CPAs Kelly Hnatt, External Counsel Nancy Miller, KPMG Jacqueline M. Reardon, TPRC Joseph Sanford, Enforcement Subcommittee Ivona Szady, Deloitte Joseph Tapajna, TPRC Jessica Tomc, EY Paula Tookey, Deloitte</p>

Debbie Cutler, Debra A. Cutler, CPA, PC George Dietz, PwC Dan Dustin, NASBA	Michael Westervelt, CliftonLarsonAllen LLP Paul Ziga, Georgia State Board of Accountancy
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NOCLAR

The special open session of PEEC was for the PEEC NOCLAR task force to ask PEEC to approve a formal request to the Auditing Standards Board (ASB) to modify its current standards and require communication to successor auditors of a former client if a member determines to resign from an engagement due to a client's NOCLAR. Mr. Denham reported on the background of NOCLAR, including NASBA's response to the exposure draft as well as PEEC/UAA Joint Task Force activity.

At its September meeting the Joint Task Force was informed of the process that would need to be followed for the ASB to consider revising assurance standards. Subsequently, the ASB's Audit Issues Task Force (the planning task force for the ASB) discussed this proposal and noted this topic would ordinarily be addressed in the context of the ASB's broader convergence policies. However, the AITF agreed to establish a working group to scope out a limited convergence project dealing only with NOCLAR auditor communications in such a manner to avoid "scope creep" into a larger convergence initiative. The goal is to discuss the working group's project plan with the ASB during its meeting in late October. The PEEC NOCLAR Task Force met on October 9, 2019 and voted to recommend that PEEC formally request the ASB to take up the aforementioned initiative and expedite its process.

Mr. Burke discussed exposure to the auditor as the communication would be without client consent and that this should be flagged as an element of concern, as it would be in violation of a rule not to have this conversation with the client. members agreed that PEEC should remain in communication with the ASB to address such concerns. It was also discussed that the PEEC NOCLAR Task Force and the UAA will continue with discussions to address concerns as well. Ms. Kary suggested a revision to the formal communication to the ASB to include language regarding the member being aware of the client's NOCLAR at the time of termination to capture if an auditor was terminated due to a NOCLAR in addition to when an auditor resigns from an engagement because of a NOCLAR.

The unanimously approved the issuance of a formal communication to the ASB that expresses PEEC's desire for the ASB to modify its current standards and require communication to successor auditors of a former client if, at the time of termination of the assurance engagement the member is aware of the client's NOCLAR. Further, the communication will request the ASB to expedite its process to the extent possible. The communication is to be delivered in time to be shared at the ASB's October 28-31, 2019 meeting.