



Open meeting minutes –December 21, 2020

Professional Ethics Division Professional Ethics Executive Committee

The Professional Ethics Executive Committee (PEEC or committee) held a duly called meeting on December 21, 2020. The virtual meeting convened at 10:00 a.m. and adjourned at 3:46 p.m.

[Agenda materials](#) were made available to PEEC members and observers on December 10, 2020 and were posted to www.aicpa.org prior to the meeting.

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Attendance

Members

Brian Lynch, Chair

Catherine Allen

Christopher Cahill

Thomas Campbell

Robert Denham

Anna Dourdourekas

Anika Heard

Kelly Hunter

Jennifer Kary

Jeff Lewis

Alan Long

William McKeown

James Newhard

Stephanie Saunders

Lewis Sharpstone

Lisa Snyder

Peggy Ullmann

Douglas Warren

Lawrence Wojcik

AICPA Staff

James Brackens, Vice President – Ethics and Practice Quality

Toni Lee-Andrews, Director – Professional Ethics Division

Ellen Gorla, Associate Director

Jennifer Clayton, Senior Manager

Michele Craig, Lead Manager

Summer Young, Lead Manager

Kelly Mullins, Manager – Support Services and Communications

Sarah, Brack, Manager

Emily Daly, Manager

Liese Faircloth, Manager

Jennifer Kappler, Manager

Shannon Ziemba, Manager

Iryna Klepcha, Manager

Melissa Powell, Manager

Michael Schertzinger, Manager

John Wiley, Manager

Elaine Bagley, Specialist – Support Services

Karen Puntch, Case Investigator

Mike Glynn, Senior Manager – Audit and Attest Standards

Henry Grzes, Lead Manager – Tax Practice and Ethics

Kristy Illuzzi, Technical Issues Committee (TIC) Staff Liaison

Carl Peterson, Vice President - Small Firms - PA

Guests

Sonia Araujo, PwC

Kent A. Absec, Idaho State Board of Accountancy

Arthur Auerbach, Arthur Auerbach CPA

Ian Benjamin, Chair, Enforcement Subcommittee

Claire Blanton, RSM US LLP

Kirk Cloniger, RSM US LLP

Allan Cohen, RSM US LLP

Giles T. Cohen, PwC

Debbie Cutler, Debra A. Cutler CPA PC

George Dietz, PwC

Anna Durst, Nevada Society of CPAs

Dan Dustin, NASBA

Jason Evans, BDO

Nancy Glynn, Virginia Society of CPAs

Shelly Gower, Plante Moran

Andy Gripp, Crowe LLP

Allison Henry, Pennsylvania Institute of CPAs

Annette Hill, Anderson ZurMuehlen & Co.

Kelly Hnatt, External Counsel

Becca Huber, New York State Society of CPAs

Diane Jules, IESBA

Kristi Justice, West Virginia Board of Accountancy

Vassilios Karapano, Securities and Exchange Commission

Ken Kortas, Wipfli, LLP

Kimberly Kuhl, KPMG

Bill Mann, Mayer Hoffman McCann P.C.

Liz McKneely, Deloitte

Nancy Miller, KPMG

Angela Miratsky, BKD, LLP

Karen Moncrieff, EY

Christina Moser, Plante Moran

Jessica Mytrohovich, Georgia Society of CPAs

Jan Neal, Deloitte

Jennifer Noble, RSM LLP

Jeff Olejnik, Wipfli LLP

Christine Piche', CliftonLarsonAllen

Jacqueline Reardon, RS&F

John Robinson, RSM US LLP

April Sherman, CliftonLarsonAllen

Susan Speirs, Utah Association of CPAs

Marc Stepper, Washington Society of CPA's

Ivona Szady, Deloitte

John M Szczomak, New Jersey Society of CPAs

Joseph Tapajna, University of Notre Dame

Jessica Tomc, EY

Shelly Van Dyne, BDO

Darrell Wates, Enforcement Subcommittee

Sharron Waugh, Tennessee State Board of Accountancy

Jim West, BDO

Elliot Lesser, Berdon LLP- Retired

Kam Leung, IFAC

Stacey Lockwood, Society of Louisiana CPAs

John Lynch, Enforcement Subcommittee

Jasdeep Mangat, U.S. Securities and
Exchange Commission

Shelby Williams, Kentucky Society of CPAs

Viki Windfeldt, Nevada State Board of
Accountancy

Dan Wise, Tax Practice and Procedures
Committee

Paula Young, EisnerAmper, LLP

Key votes during this meeting

Motions approved

- Publish the inducements practice aid
- Publish the [temporary policy statement related to amendments to Rule 2-01 of Regulation S-X](#)
- Rescind the December 1, 2000 PEEC Enforcement Policy

Welcome

Mr. Lynch welcomed the committee and discussed administrative matters.

Compliance Audit Task Force

Ms. Powell updated PEEC on the task force and its activities:

- Comprises 11 members.
- Ms. Miller is serving as the chair.
- Has held two meetings.
- Has surveyed practitioners to understand how independence requirements are being applied in compliance audits in practice and to determine whether there are inconsistencies in application.

The task force received more than 100 responses and has begun reviewing those results, with the goal of coming back to PEEC in February with a clearer charge to present for approval.

The survey results indicate guidance may be needed.

The wide variety of this type of engagement may present the opportunity for categorization and the task force is looking at this as it considers potential guidance.

The task force has tabled the discussion about a possible proposed standard-setting project until a later date.

Inducements

Ms. Dourdourekas updated PEEC on the task force's activities.

She requested the committee's approval to publish the practice aid.

The committee requested additional clarifying revisions and approved publishing after final review by the task force and committee chair.

The committee decided to leave the extant question and answer in the General Ethics FAQ rather than pulling it with the publication of the practice aid.

That Q & A addresses political contributions and whether such contributions impair independence. The practice aid focuses on the “Integrity and Objectivity Rule.” The committee believes both are helpful.

Information system services

Ms. Dourdourekas updated PEEC on the task force’s activities.

- The task force is in the planning stages of a member enrichment project. Currently, they are considering a practice aid. This approach seems preferable to questions and answers because it provides factors to consider rather than definitive answers.
- Ms. Dourdourekas asked the committee for specific areas where members may need clarification on how to apply the interpretation.

SEC convergence

Ms. Gorio updated PEEC on the task force’s activities:

- Held first meeting in December.
- Drafted a temporary non-enforcement policy to provide relief for members who implement and comply with the new SEC amendments that are less restrictive than the code.
- Provided staff with some directional guidance on how to approach the revisions to the loan interpretations.

PEEC provided clarifying edits to the temporary non-enforcement policy and voted to approve, [as revised in the final document](#). It will be added to “New, Revised, and Pending Interpretations and Other Guidance” (ET sec. 0.600) in the January update of the online code.

This policy will be rescinded when PEEC completes its evaluation of the SEC amendments.

The committee unanimously agreed to rescind the December 1, 2000 PEEC Enforcement Policy.

Statements on Standards for Tax Services

Ms. Saunders updated PEEC on the SSTS revision project:

- Met with the Tax Executive Committee (TEC).
- The task force is receiving feedback from AICPA committees and technical resource panels, including the Personal Financial Planning Executive Committee (PFP).
- Some members of PEEC have firm colleagues currently serving on the TEC and the Tax

Practice Responsibilities Committee (TRPC), and the task force has given them the opportunity to share their thoughts with each other.

The task force hopes to expose the proposed standards by the end of 2021.

NOCLAR

Ms. Lee-Andrews updated PEEC on NOCLAR activities:

- The ASB decided to defer its vote to expose their proposed standard for comment. They continue to work on it with plans to expose at their January meeting.
- The PEEC NOCLAR Task Force will be meeting on January 11th with plans to request re-exposure at the February PEEC meeting.
- Mr. Bill Mann, a former PEEC member is participating on the ASB NOCLAR Task Force.
- Mr. Robert Denham, Mr. Mann, and the ASB and PEEC staff liaisons for NOCLAR had a recent meeting.

Member enrichment

Ms. Gorla and Ms. Kappler updated PEEC on member enrichment projects:

- Staff has updated and issued the [Plain English Guide for Independence](#). The update includes revisions related to the new technology, SEC revisions, international convergence and enhancing audit quality (EAQ) areas of focus.
- The division issued its reports on common violations found during investigations. These reports provide a more granular look into the details of the violations than previous reports.
- The communications team requested the division's participation in a "single audit content squad."
 - The Association believes that there will be an increased number of practitioners performing single audits given the governmental funding for COVID-19.
 - As part of activities on this squad, division staff have produced a single audit common violations report that can help these new single auditors (as well as veteran single auditors) understand what errors we are seeing.
 - In the coming months, this report will be issued in an interactive format on future.aicpa.org.
- The division issued its state and local government practice aids in October. Staff are currently monitoring feedback so that they can make revisions and enhancements to version 2.0, if necessary.
- In 2021, staff plans to
 - Begin a back to basics podcast series.

- Create greater awareness of the change to the DOL reporting standard.
- Create hosting services guidance.
- Issue an updated GAO independence comparison.
- Launch a new hotline database.
- Begin using a new project tracking system.