



Open meeting minutes — February 16 –17, 2022

Professional Ethics Division

Professional Ethics Executive Committee

The Professional Ethics Executive Committee (PEEC or committee) held a duly called meeting February 16–17, 2022. The virtual meeting convened at 10 a.m. EST and adjourned at 3 p.m. on February 16^t. It reconvened at 10 a.m. EST and adjourned at 11:25 a.m. on February 17.

Agenda materials for this meeting were sent to PEEC members and observers on January 28, 2022 and were posted on aicpa.org.

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Attendance

<p>Members</p> <p>Brian Lynch, Chair</p> <p>Catherine Allen</p> <p>Claire Blanton</p> <p>Thomas Campbell</p> <p>Robert Denham</p> <p>Anna Dourdourekas</p> <p>Anika Heard</p> <p>Jennifer Kary</p> <p>Jefferey Lewis</p> <p>Alan Long</p> <p>William McKeown</p> <p>Randy Milligan</p> <p>James Newhard</p> <p>Stephanie Saunders</p> <p>Katherine Savage</p> <p>Lewis Sharpstone</p> <p>Lisa Snyder</p> <p>Peggy Ullmann</p> <p>Daniel Vuckovich</p> <p>Douglas Warren</p> <p>Lawrence Wojcik</p> <p>Guests</p> <p>See exhibit 1 in the appendix of this document.</p>	<p>AICPA Professional Ethics Division staff</p> <p>Toni Lee-Andrews, Director</p> <p>Ellen Gorla, Associate Director</p> <p>Jennifer Clayton, Associate Director</p> <p>Elaine Bagley</p> <p>Sarah Brack</p> <p>Michele Craig</p> <p>Emily Daly</p> <p>Liese Faircloth</p> <p>Iryna Klepcha</p> <p>Kelly Mullins</p> <p>Melissa Powell</p> <p>Karen Puntch</p> <p>Michael Schertzinger</p> <p>John Wiley</p> <p>Heidi Winn</p> <p>Summer Young</p> <p>Shannon Ziemba</p>
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Key votes in this meeting

Motions approved

- Adopt the new “Responding to Noncompliance With Laws and Regulations” interpretations and related revisions to the “Ethical Conflicts” sections with an effective date of one year after publication in the *Journal of Accountancy* and early implementation allowed.
- Adopt the new “Assisting Attest Clients With Implementing Accounting Standards” interpretation with an effective date of six months after publication in the *Journal of Accountancy*.
- Adopt the definition and interpretations related to loans, acquisitions, and other transactions with an effective date of six months after publication in the *Journal of Accountancy* and early implementation allowed.
- Adopt the “Unpaid Fees” interpretation as revised with an effective date of six months after publication in the *Journal of Accountancy* and early implementation allowed.

Welcome

Mr. Lynch welcomed the committee and discussed administrative matters.

Noncompliance with laws and regulations

Mr. Denham presented updates to the content made since the November PEEC meeting and sought adoption of changes to the code related to noncompliance with laws and regulations (ET sec. 1.170.010, 2.170.010, 1.000.020, 2.000.020).

The committee discussed and accepted minor clarifying revisions to the interpretations.

Vote

The committee voted unanimously with no abstentions to adopt the “Noncompliance With Laws and Regulations” interpretations and the revisions to the “Ethical Conflicts” sections with an effective date of one year after publication in the *Journal of Accountancy*. Early implementation is allowed.

Assisting attest clients with implementing accounting standards

Ms. Kary reviewed comment letters and sought adoption of the new interpretation ([agenda items 2A–2D](#)).

Commenters were supportive of the proposed interpretation. The task force made clarifying edits to the exposed interpretation based on feedback from the commenters.

Vote

The committee voted unanimously with no abstentions to adopt the “Assisting Attest Clients With Implementing Accounting Standards” interpretation with an effective date of six months after publication in the *Journal of Accountancy*.

SEC convergence

Ms. Kary reviewed comment letters and sought adoption of changes to the code related to loans, acquisitions, and other transactions ([agenda items 3A–3C](#)). The committee discussed and accepted minor verbiage revisions.

The task force recommended that the related temporary policy statement in paragraph .02 of ET section 0.600.030 be rescinded when the proposed revisions become effective.

Votes

The committee voted unanimously with no abstentions to adopt the related definition and revised interpretations with an effective date of six months after publication in the *Journal of Accountancy*. Early implementation is allowed

The committee also voted to rescind the temporary policy statement upon the effective date of the changes.

Unpaid fees

Mr. McKeown reviewed comment letters and the resultant updates to the interpretation and sought adoption of revisions to the “Unpaid Fees” interpretation ([agenda items 4A–4C](#)).

Most commenters supported the revised interpretation’s overall change to a principles-based approach and most also had additional suggestions.

The task force recommended changes to paragraphs .02, .03, and .04 and recommended revising extant nonauthoritative guidance. The committee discussed and accepted these revisions.

Vote

The committee voted 15 to 5, with no abstentions, to adopt the “Unpaid Fees” interpretation as revised with an effective date of six months after publication in the *Journal of Accountancy*. Early implementation is allowed.

Compliance audit

Ms. Miller sought input on the proposed new interpretation, including potential exceptions, as well as proposed revisions to the definitions of *financial statement attest client* and *attest client*, proposed revisions to the affiliates interpretations, and two proposed revisions to the code unrelated to the project ([agenda items 5A–5E](#)).

The task force plans to present an exposure draft of the proposed “Compliance Audits” interpretation for adoption at the May meeting.

IFAC convergence and monitoring

Mr. Lynch sought approval to form three task forces to determine convergence needs resulting from the International Ethics Standards Board for Accountants’ (IESBA’s) [“Revisions to the Non-Assurance Services Provisions of the Code”](#) ([agenda item 6](#)). The task forces will focus on nonattest services, tax services, and legal services.

The tax services task force will have a broader charge and will include consideration of the upcoming changes to the Statements on Standards for Tax Services (SSTs) and the IESBA tax project.

Vote

The committee voted unanimously with no abstentions to appoint three task forces to determine convergence needs for IESBA’s April 2021 final pronouncement on non-assurance services.

IESBA update

Ms. Gorla updated the committee on IESBA’s activities and projects ([agenda items 7A–7H](#)).

Key topics and projects include the following:

- IESBA expects to issue exposure drafts by February 18, 2022, related to their technology and engagement team projects.
- IESBA finalized the public interest entity standard in December 2021. It will become effective December 24, 2022.
- IESBA adopted conforming revisions to management standards. These will be effective on December 15, 2022.
- Following Public Interest Oversight Board approval, IESBA expects to issue adopted conforming revisions to management standards in April.

Mr. Mintzer updated the committee on the tax planning standards exposure draft. Items of note include the following:

- The tax planning standards task force will seek to have a final standard issued by the end of 2023.
- The focus will be primarily on fundamental principles and tax planning services.
- The board will consider preliminary drafting at its March meeting, with the goal of conducting roundtables by the end of April.

Project update and call for volunteers

Ms. Gorla provided an overview of completed projects and solicited volunteers for upcoming projects ([agenda item 8](#)).

Completed projects include the following:

- [Practice aid: Independence considerations for information system services](#)
- [Quiz: Ethical standards to consider when accepting or continuing an attest engagement](#)
- [2021 Plain English guide to independence](#)
- [Q&A related to applying the affiliate definition and client affiliates interpretation to individuals \(FAQs: General ethics\)](#)
- [Ethically Speaking podcast — Back to basics series](#)

Projects in need of volunteers include these:

- Digital assets (possible standards-setting)
- Statements on Standards for Attestation Engagements (SSAE — possible standards-setting)
- 529 college savings plans (possible standards-setting)
- Business relationships (possible standards-setting)
- Artificial intelligence (member enrichment)
- Conflicts of interest (member enrichment)
- NOCLAR (member enrichment)

IESBA engagement quality reviewer

Mr. Long reviewed the purpose of the task force and provided the committee with an update on recent work. Two new members have joined, and the task force will meet for the first time before the end of February. The task force will return to PEEC in the future with their findings and recommendations.

Simultaneous employment or association with an attest client

Ms. Allen reviewed the purpose of the task force and provided the committee with an update on recent work. An agenda is in development and the task force plans to meet three times prior to the May 2022 PEEC meeting.

The task force will return to PEEC in the future with their findings and recommendations on whether to initiate a standards-setting project.

[IESBA fees](#)

Mr. Long reviewed the purpose of the task force and provided the committee with an update on its activities. The task force met on January 27th and discussed changes to the IESBA code and how the AICPA should converge with those changes.

The task force will not consider the unpaid fees section as this topic has already been addressed with the recently adopted revisions to the “Unpaid Fees” interpretation of the AICPA code.

The task force will report to the committee at the May meeting and hopes to have an exposure draft to present for PEEC’s consideration and approval at the August 2022 meeting.

[Information systems services](#)

Ms. Dourdourekas reported that the task force met three times since November 2021 to discuss how the connection between the management responsibilities interpretation and the information system services interpretation should be clarified at roundtables.

The task force will meet again the week of February 21, 2022, to prepare for the roundtables, which will take place on May 4th and May 5th virtually, and on June 7th in live format during the ENGAGE conference.

[Statements on Standards for Tax Services](#)

Ms. Saunders informed the committee that the SSTS task force voted unanimously to move forward with the current version of the proposed revisions to the standards. The revisions were submitted to the Tax Executive Committee with a recommendation for exposure as drafted for public comment. The revisions are currently undergoing legal review by both internal and external AICPA counsel.

The exposure period is expected to begin in April 2022. Ms. Saunders will share further developments at PEEC’s May meeting.

[Environmental, Social, and Governance \(ESG\) presentation](#)

Ms. Beers, from the AICPA Assurance and Advisory team, provided the committee with an overview of ESG activities ([agenda item 9](#)). The presentation included information on the purpose and practice of ESG and associated reporting, its relationship to other areas of organizational operations, and its more far-reaching impacts.

[Approval of November 2021 meeting minutes](#)

The committee voted unanimously with no abstentions to approve the November meeting minutes ([agenda item 10](#)).

Future meeting dates

The following quarterly committee meeting dates are set:

- May 17–18, 2022
- August 3–4, 2022
- November 10–11, 2022



Appendix

Guests in attendance at the February 2021 meeting

	Name	Company
1.	Ami Beers	AICPA, Senior Director — Assurance and Advisory Innovation
2.	Teresa Bordeaux	AICPA, Senior Manager — Governmental Auditing & Accounting
3.	Carrie Kostelec	AICPA, Lead Manager — SOC & Related Services
4.	Michael Glynn	AICPA, Senior Manager — Audit & Attest Standards
5.	Ahava Goldman	AICPA, Associate Director — Audit & Attest Standards
6.	Henry Grzes	AICPA, Lead Manager — Tax Practice and Ethics
7.	Justin Long	AICPA, Manager — Peer Review
8.	Brian Wilson	AICPA, Director — Audit & Attest Standards
9.	Sonia Araujo	PwC
10.	Arthur Auerbach	Arthur Auerbach, CPA
11.	Coalter Baker	NASBA
12.	Paul Balas	State of Michigan — Board of Accountancy
13.	Stuart Bargery	Independent
14.	Rita Barnard	Kansas Society of CPAs
15.	Ian Benjamin	Chair–AICPA Enforcement Subcommittee
16.	Sheila Border	Wipfli LLP
17.	Michael Brand	BMSS, LLC
18.	Trish Brigham	Maine Society of CPAs

19.	Danielle Cheek	MindBridge
20.	David Kirklan Cloniger	RSM US LLP
21.	Harry Cohen	KPMG
22.	Karen Cookson	U.S. Department of Housing and Urban Development
23.	Melissa Critcher	Enforcement Subcommittee
24.	Debbie Cutler	Debra A. Cutler CPA PC
25.	James Dalkin	U.S. Government Accountability Office
26.	Scott Davis	Prager Metis CPAs, LLC
27.	Michael Delaney	Connecticut Auditors of Public Accounts
28.	Anna Durst	Nevada Society of CPAs
29.	Daniel Dustin	NASBA
30.	Jason Evans	BakerTilly
31.	Kristin Fee	WithumSmith+Brown, PC
32.	Greg Fiedler	Sikich LLP
33.	Mira Finé	Ethics Chair–Colorado Society of CPAs
34.	Jessica Fracassi	EY
35.	Allison Henry	Pennsylvania Institute of CPAs
36.	Kelly Hnatt	External Counsel
37.	Nigel James	U.S. Securities and Exchange Commission
38.	Kristi Justice	West Virginia Board of Accountancy

39.	Vassilios Karapanos	U.S. Securities and Exchange Commission
40.	Peggy Kitzmiller	Aldrich
41.	Linda Kuersten	Fermi Research Alliance
42.	Kimberly Kuhl	KPMG
43.	Caroline Lee	KPMG
44.	Nathan Lee	Richey May & Co., LLP
45.	Ned Leiba	CalCPA Professional Conduct Committee
46.	Lynette Lindner	Connecticut Society of CPAs
47.	Stacey Lockwood	Society of Louisiana CPAs
48.	Jessica Luttrull	NASBA
49.	Jasdeep Mangat	U.S. Securities and Exchange Commission
50.	William Mann	Mayer Hoffman McCann P.C.
51.	Joe Marchbein	Rice Sullivan, LLC
52.	Brandon Mercer	Deloitte
53.	Paul Meyer	Cherry Bekaert LLP
54.	Nancy Miller	KPMG
55.	Andy Mintzer	Hemming Morse, LLP
56.	Angela Miratsky	BKD, LLP
57.	Karen Moncrieff	EY
58.	Christina Moser	Plante Moran PLLC

59.	Brad Muniz	Sobel & Co
60.	Jessica Mytrohovich	Georgia Society of CPAs
61.	David Nance	North Carolina State Board of CPA Examiners
62.	Jan Neal	Deloitte
63.	Jen Noble	RSM US LLP
64.	Donna Oklok	Accountancy Board of Ohio
65.	Kurt Pany	Kurt Pany
66.	Andrew Prather	Auditing Standards Board
67.	Jacqueline Reardon	RS&F
68.	Rachel Reardon	Michigan Association of CPAs
69.	John Robinson	RSM US LLP
70.	Sharon Romere-Nix	Thomson Reuters
71.	Deborah Rood	CNA Insurance
72.	Paul Russo	Deloitte
73.	Daniel Sanders	Dixon Hughes Goodman LLP
74.	Stephanie Sauer-Watts	PwC
75.	Eric Schreiber	415 Group
76.	April Sherman	CliftonLarsonAllen
77.	Susan Speirs	Utah Association of CPAs
78.	Annette Stalker	Stalker Forensics

79.	Ashley Stearns	Department of Energy
80.	Joseph Tapajna	University of Notre Dame
81.	Stephanie Topf-Masheb	EisnerAmper LLP
82.	Shelly Van Dyne	BDO
83.	Sharron Waugh	Tennessee Board of Accountancy
84.	Jim West	BDO
85.	Duncan Will	CAMICO Mutual Insurance
86.	Tuere Williams	Department of Energy
87.	Les Williford	BDO
88.	Ellen Wisbar	CBIZ, Inc.
89.	Shana Wolfson	KPMG