



Open meeting minutes — November 10-11, 2022

Professional Ethics Division

Professional Ethics Executive Committee

The Professional Ethics Executive Committee (PEEC or committee) held a duly called meeting November 10–11, 2022. Day 1 of the meeting convened at 9 a.m. EST on November 10 and adjourned at 4:50 p.m. Day 2 reconvened at 9 a.m. on November 11 and adjourned at 10:10 a.m.

Agenda materials for this meeting were sent to PEEC members and observers on October 21, 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>Jack A. Bonner, Jr.</p> <p>Thomas Campbell</p> <p>Robert Denham</p> <p>Anna Dourdourekas</p> <p>Anika Heard</p> <p>Jennifer Kary</p> <p>Clare Levison</p> <p>Alan Long</p> <p>Nancy Miller</p> <p>Randy Milligan</p> <p>Donald Murphy</p> <p>Kenneth Omoruyi</p> <p>Katherine Savage</p> <p>Lisa Snyder</p> <p>Jimmy Williams</p> <p>Michael Womble</p> <p>Guests</p> <p>See exhibit 1 in the appendix of this document.</p>	<p>AICPA Professional Ethics Division staff</p> <p>James Brackens, Vice President – Ethics and Practice Quality</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>Emily Daly</p> <p>Liese Faircloth</p> <p>Joan Farris</p> <p>Amy Franklin</p> <p>Jennifer Kappler</p> <p>Iryna Klepcha</p> <p>Hanna Mayle</p> <p>Kelly Mullins</p> <p>Melissa Powell</p> <p>Karen Puntch</p> <p>Esther Saintil</p> <p>Michael Schertzinger</p> <p>John Wiley</p> <p>Heidi Winn</p> <p>Summer Young</p>
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Key vote in this meeting

Motion approved

To adopt the revisions to the code related to compliance audits with an effective date for compliance audits commencing after June 15, 2023, with early implementation allowed.

Interim business

Between the August and November meetings, approved the [August meeting minutes](#) by email.

Welcome

Mr. Lynch welcomed the committee, introduced new committee members, and discussed administrative matters.

Compliance audits

Ms. Miller sought adoption of revisions to the code ([agenda items 1A–1E](#)) and input on member enrichment material to support implementation. The committee reviewed the comment letters and discussed the task force's proposed revisions and the Q&As.

Vote

The committee voted unanimously to adopt the revisions to the code related to compliance audits with an effective date for compliance audits commencing after June 15, 2023. Early implementation is allowed.

IESBA convergence: Fees

Mr. Long and Ms. Brack sought input on the task force's proposed revised approach for converging with IESBA's fees guidance and the proposed authoritative and nonauthoritative guidance ([agenda items 2A–2C](#)):

- The task force updated and added new interpretations. The committee reviewed and discussed the proposed revisions to both, recommending minor changes.
- The committee discussed whether the language in paragraphs .01 and .02 of the "Determining Fees for an Attest Client" interpretation (ET sec. 1.230.030) conflicts with each other and requested clarification of language in paragraph .03.
- The task force will review the recommended changes and seek approval for exposure in February.

Solicitation or disclosure of CPA examination questions and answers

Ms. Young sought approval to expose revisions to the interpretations related to examination questions and answers ([agenda items 3A–3B](#)). The committee discussed the revisions, gave

feedback, and requested changes to include clarification of what course information is meant to be shared versus what is not intended to be shared. The task force will make the recommended changes and seek approval for exposure in February.

Information systems services

Ms. Dourdourekas provided an overview of the recently issued nonauthoritative guidance and sought input on additional Q&As ([agenda items 4A–4B](#)). The committee discussed the Q&As and suggested clarifying what is being addressed in .07 (that is, the member is not required to anticipate whether in the future the client will modify the tool). The task force will make the recommended changes and publish the Q&As in December.

Assisting attest clients with implementing accounting standards

Ms. Kary sought input on the proposed update to the nonattest services Q&As ([agenda items 5A–5B](#)). The committee discussed the Q&As, the changes made after committee feedback during the August meeting, and suggested minor changes for general clarification. The committee agreed the task force can proceed with updates after implementing the suggested changes.

IESBA convergence: Engagement quality reviewer

Mr. Long sought input on the proposed nonauthoritative guidance ([agenda items 6A–6B](#)). The committee discussed the Q&As and provided feedback including the following:

- Revise the language to include both the attest engagement partner and the engagement quality reviewer.
- In the “reply” for paragraph .02 under Objectivity, replace “such” with “possible” when describing the list of safeguards.
- Reword the inquiry to include clarifying language on why the engagement quality reviewer is considered a member of the engagement team.

Simultaneous employment or association with an attest client

Ms. Allen provided an overview of recent activities and sought approval to move forward with drafting revisions to the code ([agenda items 7A–7B](#)). The committee discussed possible revisions to the code, whether a rules-based or principles-based approach is needed, and the need for guideposts in the revisions. The task force will provide an update in February.

IESBA convergence: Public interest entities

Ms. Snyder sought input on the proposed approach for converging with IESBA’s public interest entity guidance ([agenda items 8A–8B](#)). The committee discussed suggested revisions to the mandatory categories and additional public interest categories being considered, when to

introduce further entities in the document, and other minor revisions. The task force will next meet in December and hopes to present an exposure draft to the full committee in February.

Private equity investment in firms

Ms. Lee-Andrews provided an update on the AICPA cross-team collaborative activity including their determined purpose and goals. Items of note include the following:

- Transactions are often structured in different ways, which may present certain risks.
- Each partner may not have the same incentive for the private equity investment.
- There are variations in firm structure within private equity and these variations can present challenges.

The team recommends educating peer reviewers on how to include alternative practice structures and private equity as part of the risk assessment process and making the code independence rules for alternative practice structures easier to apply. They also recommend providing guidance on best practices for training and monitoring independence compliance for both the attest and non-attest firms. The task force will provide an update in February.

IESBA update

Mr. Mintzer provided an update on IESBA's activities for the previous quarter ([agenda items 9A–9D](#)). Items of note include the following:

- *Tax planning and related services* – It is too early to determine convergence considerations; however, division staff is keeping the AICPA tax division abreast of the project. At present the plan is to develop a principles-based framework.
- *Public interest entity (PIE) rollout* – IESBA released the *Final Pronouncement: Revisions to the Definitions of Listed Entity and Public Interest Entity* in the Code along with the [Basis for Conclusions](#). Rollout activities raise awareness and promote adoption and implementation of IESBA's revisions to the definitions of "listed entity" and "public interest entity" in the code.
- *Technology* – Convergence steps will be needed if IESBA adopts the proposal, including nonauthoritative guidance material. There are currently two workstreams.
 - The standards-setting workstream is being performed by the Technology Task Force (TTF) focused on revisions to the IESBA code
 - The fact finding and development of nonauthoritative material is being conducted by the Technology Working Group (TWG). PEEC submitted a [comment letter](#) on the [exposure draft](#).

- *Engagement team* – A preliminary assessment of convergence needs shows that a convergence project may be needed to provide specific guidance for component auditors who are outside of the network firm.
- *Strategy and work plan* – The AICPA Professional Ethics Division submitted a response to question 2 of the [IESBA Strategy Survey 2022](#) in July 2022. During IESBA's September 2022 meeting, the board reviewed a [memo](#) summarizing the responses received and the planning committee's initial analysis. Results indicated that respondents strongly supported IESBA's proposed strategic focus on standards-setting work in relation to sustainability reporting.
- *Sustainability* – The working group agreed to develop a plan for revising the IESBA code to address the ethical issues related to sustainability. The working group presented IESBA with two options on how to proceed. IESBA agreed to meet on November 1, 2022, to further discuss.

Key activities reported at the September 2022 IESBA meeting include the following:

- Panel discussion co-hosted by IFAC and ASEAN Federation of Accountants¹ – October
- Panel discussion co-hosted by the Pan African Federation of Accountants – October
- Meeting with Accountancy Europe's Ethics and Competence Working Party – October
- Q&As – Expected issuance in 4Q 2022
- Updated jurisdictional PIE definitions database project – Expected initiation in 4Q 2022

Noncompliance with laws and regulations

Mr. Denham and Ms. Daly provided an overview of recent task force activities and sought input on the proposed Q&As ([agenda items 10A–10B](#)). The new NOCLAR interpretations become effective June 30, 2023.

The AICPA Professional Ethics Division has released an interactive decision tree and published two *Journal of Accountancy* articles. A multi-month social media campaign will begin in December to promote the decision tree and the task force will revisit the idea of hosting a webinar in 2023, as the effective date approaches. The task force plans to publish the NOCLAR

¹ The ASEAN Federation of Accountants (AFA) was established in March, 1977, to serve as the umbrella organisation for the national association of the Association of South East Asian Nation (ASEAN). AFA originally had only five founding member-bodies. These were the national accountancy bodies of Indonesia, Malaysia, Philippines, Singapore and Thailand. Currently, AFA membership comprised of all ten ASEAN member countries.

Q&As in December 2022 or January 2023. The committee provided favorable feedback on the proposed Q&As.

[DOL independence rules](#)

Ms. Young provided an update on the revised independence rules and discussed the planned communication efforts.

[AICPA Online Ethics Library](#)

Ms. Faircloth demonstrated new enhancements to the Online Ethics Library, including navigation, content, and search functions. The committee discussed the enhancements and provided favorable feedback.

[Statements on Standards for Tax Services \(SSTS\)](#)

Mr. Grzes provided an overview of recent activities and sought input on the exposure draft and invitation to comment ([agenda items 11A–11B](#)). The committee discussed the exposure draft and provided favorable feedback.

[Future meeting dates](#)

The following quarterly PEEC meeting dates are set:

- February 21–22, 2023
- May 9–10, 2023
- August 9–10, 2023
- November 8–9, 2023

Appendix

Exhibit 1

Guests in attendance at the November 2022 meeting

	Name	Organization
1.	Teresa Bordeaux	AICPA, Senior Manager — Governmental Auditing & Accounting
2.	Henry Grzes	AICPA, Lead Manager — Tax Practice and Ethics
3.	Daniela Henderson	AICPA, Senior Data Analyst — Firm Services
4.	Audrey Higgins	AICPA, Content Strategist — Content Strategy & Design
5.	Kari Hipsak	AICPA, Senior Manager — Firm Service
6.	Jordyn Joseph	AICPA, Intern — Audit & Attest Standards
7.	Carrie Kostelec	AICPA, Lead Manager — SOC & Related Services
8.	Diana Krupica	AICPA, Lead Manager — Emerging Assurance Technologies
9.	Justin Long	AICPA, Manager — Peer Review
10.	Samantha Miller	AICPA, Senior Manager — Public Relations, Reputation & External Affairs
11.	Toby Akrab	Mazars
12.	P. Anthony Allen	Kentucky Society of CPAs
13.	Paulo Arakaki	FIPECAFI
14.	Sonia Araujo	PwC
15.	Janice Ashman	RSM US LLP
16.	Arthur Auerbach	Arthur Auerbach, CPA
17.	Melanie Barthel	Johnson Lambert LLP
18.	Nancy Beacham	PwC

	Name	Organization
19.	Bala Bellur	Deloitte
20.	Loralee Bennett	U.S. Department of Energy
21.	Brian Bluhm	Eide Bailly LLP
22.	Sheila Border	Wipfli LLP
23.	James Brown	Lawrence Livermore National Laboratory
24.	Tammie Brown	U.S. Department of Health and Human Services
25.	Samuel Burke	PwC
26.	Thomas Burtner	RSM US LLP
27.	Yvonne Chanda	PwC
28.	Danielle Cheek	MindBridge
29.	David Kirklan Cloniger	RSM US LLP
30.	Kelly Costanzo	RSM US LLP
31.	Monique Cote	MNP LLP
32.	Michele Craig	BakerTilly US, LLP
33.	Melissa Critcher	Chair — AICPA Enforcement Subcommittee
34.	Debra Cutler	Debra A. Cutler, CPA PC
35.	James Dalkin	U.S. Government Accountability Office
36.	James Denney	RSM US LLP
37.	Kenny Diaz	RSM US LLP
38.	Sarah Doran	RSM US LLP

	Name	Organization
39.	Jason Evans	BakerTilly US, LLP
40.	Daniel Dustin	NASBA
41.	Shimon Einhorn	S Einhorn and Company LLC
42.	Jennifer Elder	Moss Adams LLP
43.	Mira Finé	Mira J. Finé
44.	Cathleen Finneran	PwC
45.	Jessica Fracassi	EY
46.	Mike Genova	RSM US LLP
47.	Andrew Gripp	Crowe LLP
48.	Lindsey Herring	Deloitte
49.	Kelly Hnatt	External Counsel
50.	David Holets	Crowe LLP
51.	Amanda Hulien	RSM US LLP
52.	Patricia Hutson	Jenkins & Company, PC
53.	Adam Jeffress	RSM US LLP
54.	Vassilios Karapanos	U.S. Securities and Exchange Commission
55.	Elizabeth Pittelkow Kittner	ILTA
56.	Linda Kuersten	Fermi Research Alliance
57.	Kimberly Kuhl	KPMG

	Name	Organization
58.	Sara Kurtz	Eide Bailly LLP
59.	SW Le Roux	RSM US LLP
60.	Jefferey Lewis	Jefferey C. Lewis, CPA
61.	Priscilla Lewis	RSM US LLP
62.	Karen Liu Pham	Deloitte
63.	Stacey Lockwood	Society of Louisiana CPAs
64.	William Lubecke	U.S. Department of Energy
65.	Joe Marchbein	Rice Sullivan, LLC
66.	Brandon Mercer	Deloitte
67.	Paul Meyer	Cherry Bekaert LLP
68.	Rebecca Meyer	RAM CPA, PLLC
69.	Steve Milam	Milam & Associates, PLLC
70.	Tessa Milner	RSM US LLP
71.	Andrew Mintzer	Hemming Morse, LLP
72.	Angela Miratsky	FORVIS, LLP
73.	Karen Moncrieff	EY
74.	Juliette Nardella	RSM US LLP
75.	Jan Neal	Deloitte
76.	Jennifer Noble	RSM US LLP
77.	Dale Oberkfell	Oberkfell Financial Advisors, LLC

	Name	Organization
78.	Kurt Pany	Kurt Pany
79.	Christa Papageorge	RSM US LLP
80.	Reena Patel	Moss Adams LLP
81.	Paul Pierson	Illinois CPA Society
82.	Victoria Pitkin	Ethics Chair — New York State Society of CPAs
83.	Joan Rackerby	Lawrence Livermore National Laboratory
84.	Laura Rice	Laura Rice
85.	LeighAnne Robbins	RSM US LLP
86.	John Robinson	RSM US LLP
87.	Sharon Romere-Nix	Thomson Reuters
88.	Deborah Rood	CNA
89.	Dylan Sanzo	RSM US LLP
90.	Stephanie Saunders	Saunders & Saunders PC
91.	Eric Schreiber	415 Group
92.	Gerard H. Schreiber, Jr	Schreiber & Schreiber, CPAs
93.	April Sherman	CliftonLarsonAllen
94.	Rachel Sinks	CliftonLarsonAllen
95.	Annette Stalker	Stalker Forensics
96.	Joseph Tapajna	University of Notre Dame
97.	Timothy Thronson	Tim Thronson, CPA

	Name	Organization
98.	Christine Tonnies	FORVIS, LLP
99.	Panayiotis (Peter) Voutsinas	RSM US LLP
100.	Shannon Ziemba	CliftonLarsonAllen