



American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

## **SENT VIA E-MAIL**

April 21, 2017

International Ethics Standards Board for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York, NY 10017

Re: Exposure Draft, *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice*

Dear Members of the International Ethics Standards Board for Accountants:

The American Institute of Certified Public Accountants' (AICPA) Professional Ethics Executive Committee (PEEC) is pleased to submit this comment letter to the International Ethics Standards Board for Accountants (IESBA) on its exposure draft, *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice* (the "Exposure Draft"). The AICPA is the world's largest member association representing the CPA profession, with more than 418,000 members in 143 countries and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.

Throughout its history, the AICPA has been deeply committed to promoting and strengthening independence and ethics standards. Through the PEEC, the AICPA devotes significant resources to independence and ethics activities, including evaluating existing standards, proposing new standards, and interpreting and enforcing those standards.

### **General Comments**

We support the IESBA's objective of setting high-quality ethics standards for professional accountants around the world and facilitating the convergence of international and national ethics standards. Overall, we support the proposals contained in the Exposure Draft and agree that where the requirements and application material in Part 2 of the IESBA Code are relevant to professional accountants in public practice (PAPPs), they should be required to comply with them.

The AICPA Code of Professional Conduct (AICPA Code) recognizes that the requirements applicable to professional accountants in business (PAIBs) might also be relevant to PAPPs. Such circumstances might arise if a PAPP served in multiple roles. For example, if in addition to providing services to clients, a PAPP were to serve on the board of directors of an organization, the professional accountant would be considered to be a PAIB with respect to his or her services provided to the board. Another circumstance would be where the PAPP faces ethical challenges within his or her firm. Under these circumstances, the requirements applicable to PAIBs with respect to their employing organization could be relevant.

The AICPA Code therefore contains the following provisions:

#### **0.100 Overview of the Code of Professional Conduct**

**.01** The AICPA Code of Professional Conduct (the code) begins with this preface, which applies to all *members*. The term *member*, when used in part 1 of the code, applies to and means a *member in public practice*; when used in part 2 of the code, applies to and means a *member in business*; and when used in part 3 of the code, applies to and means all other *members*, such as those *members* who are retired or unemployed.

**.02** A *member* may have multiple roles, such as a *member in business* and a *member in public practice*. In such circumstances, the *member* should consult all applicable parts of the code and apply the most restrictive provisions.

#### ***Members in Public Practice***

##### **1.000 Introduction**

**.01** Part 1 of the Code of Professional Conduct (the code) applies to *members in public practice*. Accordingly, when the term *member* is used in part 1 of the code, the requirements apply only to *members in public practice*. When a *member in public practice* is also a *member in business* (for example, serves as a member of an entity's board of directors), the *member* should also consult part 2 of the code, which applies to a *member in business*.

### **Responses to Request for Specific Comment**

#### **1. Do respondents agree with:**

##### **(a) The proposed applicability paragraphs; and**

Yes, we agree with the proposed applicability paragraphs. The proposed language addresses situations where a PAPP faces ethical issues within his or her firm, such as a manager facing pressure from a partner, or a partner accepting an inducement from a vendor of the firm. The proposed language, however, would not cover situations where a PAPP serves in multiple roles such as a PAPP who provides services to clients of the firm and also volunteers to serve on the board of directors of an organization. While we hope that most PAPPs realize that Part 2 of the Code applies to their board activities, it might be beneficial to clarify the applicability of Part 2 in such circumstances. We therefore suggest that the Board consider expanding the applicability provisions to address situations where a PAPP serves in multiple roles (i.e., provides professional activities as both a PAPP and PAIB) and require that the PAPP comply with relevant provisions in Part 2.

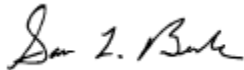
##### **(b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code.**

**If not, why not?**

Yes. We have reviewed the proposed restructured Code and believe that the locations being proposed by the Board for these provisions are appropriate.

We appreciate this opportunity to comment. We would be pleased to discuss in further detail our comments and any other matters with respect to the IESBA's Exposure Draft.

Sincerely,

A handwritten signature in cursive script that reads "Sam L. Burke".

Samuel L. Burke, CPA  
Chair, Professional Ethics Executive Committee

cc: Brian Caswell, CPA, IESBA Member  
Lisa Snyder, CPA, CGMA, Senior Director – Professional Ethics