



National Association of State Boards of Accountancy

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May 15, 2017

Professional Ethics Executive Committee  
c/o Lisa A. Snyder, Director  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Via e-mail: [lsnyder@aicpa.org](mailto:lsnyder@aicpa.org)

**Re: PROPOSED REVISED DEFINITIONS OF CLIENT AND ATTEST CLIENT AS WELL AS RELATED DEFINITIONS, INTERPRETATIONS, AND OTHER GUIDANCE**

Dear Members and Staff of the AICPA Professional Ethics Executive Committee (PEEC):

We appreciate the opportunity to offer comments on the Exposure Draft referred to above. The National Association of State Boards of Accountancy's (NASBA) mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all certified public accountants and their firms in the United States and its territories. In furtherance of that objective, we offer the following comments on the Exposure Draft.

**SPECIFIC COMMENTS**

We understand that the PEEC requests feedback on the following:

*The proposed revised definition of "Attest Client" explains that when the engaging entity is not also the attest client, that the member does not need to be independent of the engaging entity but still must comply with the Integrity and Objectivity Rule" and its interpretations, consistent with how the current AICPA code treats SSAE engagements with different engaging and subject entities (responsible parties). The committee believes including the reminder in the definition will minimize a member overlooking the requirement to comply with the "Integrity and Objectivity Rule" and its interpretations because it will appear each time the definition is viewed. Do you believe the inclusion of this requirement in the definition is the correct location? If not, please explain where you believe this requirement should be located and why you believe this location would be better than the proposed location.*

We agree that the placement of the reminder that the member must comply with the Integrity and Objectivity Rule in the definition should alert the member to review the requirements of those rules.

## **OTHER COMMENTS**

### **Proposed Revised Definition of Client**

We suggest to include a provision that, if the subject entity is a different party, a member must gain the agreement of the subject entity at the commencement of the engagement as to the sharing of subject entity information with the engaging entity.

### **1.700.030 Disclosing Information to Clients**

Section .01: We believe this section needs more clarity on what the member can share with the spouse. For example, if a Schedule K-1 is included in a joint tax return, we believe the spouse should be given the Schedule K-1, but should not be given the associated underlying business tax return unless the spouse was a participant in the business and would normally receive the tax return. Language that clarifies this and similar situations would strengthen the section.

\* \* \*

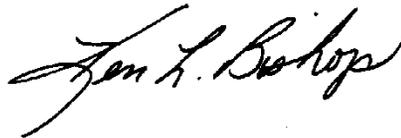
We would like to commend members and staff of the AICPA Professional Ethics Executive Committee for their work on these changes to the definitions, interpretations and other guidance of the Code of Professional Conduct. We believe that the proposal represents an overall improvement in guidance for AICPA members and for state board licensees.

Again, we appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,



Telford A. Lodden, CPA  
NASBA Chair



Ken L. Bishop  
NASBA President and CEO