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# **EXPOSURE DRAFT**

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## **OMNIBUS PROPOSAL**

### **AICPA PROFESSIONAL ETHICS DIVISION**

#### **PROPOSED REVISED AND NEW INTERPRETATIONS AND PROPOSED DELETION OF ETHICS RULINGS**

**June 29, 2012**

**Comments are requested by August 31, 2012**

**Comment Deadline Extended Until November 30, 2012**

Prepared by the AICPA Professional Ethics Executive Committee for comments from persons interested in independence, behavioral, and technical standards matters.

Comments should be addressed to Lisa A. Snyder, director of the Professional Ethics Division, at [lsnyder@aicpa.org](mailto:lsnyder@aicpa.org).

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June 29, 2012

This exposure draft contains important proposals for review and comment by the AICPA's membership and other interested parties regarding pronouncements for possible adoption by the Professional Ethics Executive Committee (PEEC). The text and an explanation of the proposed pronouncements are included in this exposure draft.

After the exposure period is concluded, and PEEC has evaluated the comments, PEEC may decide to publish one or more of the proposed pronouncements. Once published, the pronouncements become effective on the last day of the month in which they are published in the *Journal of Accountancy*, except if otherwise stated in the pronouncements.

Your comments are an important part of the standard-setting process; please take this opportunity to comment. Responses must be received at the AICPA by August 31, 2012. All written replies to this exposure draft will become part of the public record of the AICPA.

All comments received will be considered by PEEC at its October 25–26, 2012, open meeting.

Please send comments to Lisa A. Snyder, director of the Professional Ethics Division, via e-mail at [lsnyder@aicpa.org](mailto:lsnyder@aicpa.org).

Sincerely,

Wes Williams, *Chair*  
*AICPA Professional Ethics Executive Committee*

Lisa A. Snyder, *Director*  
*AICPA Professional Ethics Division*

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## **Proposed Revised Interpretation No. 101-3 Under Rule 101**

### **Explanation**

The Professional Ethics Executive Committee (PEEC) is exposing for comment proposed revisions to Interpretation No. 101-3, “Nonattest Services,” under Rule 101, *Independence* (AICPA, *Professional Standards*, ET sec. 101 par. .05). On February 28, 2011, PEEC exposed revisions to Interpretation No. 101-3 (found at [www.aicpa.org/InterestAreas/ProfessionalEthics/Community/ExposureDrafts/DownloadableDocuments/2011February28OmnibusProposalExpDraft.pdf](http://www.aicpa.org/InterestAreas/ProfessionalEthics/Community/ExposureDrafts/DownloadableDocuments/2011February28OmnibusProposalExpDraft.pdf)), addressing, among other things, a perceived inconsistency within Interpretation No. 101-3 as it relates to the general activity (that is, prohibition) of establishing or maintaining internal controls, including performing ongoing monitoring activities for a client. Other clarifications proposed in the February 28, 2011, exposure draft included replacement of the term *management functions* with *management responsibilities*, as well as a description of management responsibilities and additional examples. The examples previously referred to as general activities were also merged into the examples of management responsibilities. At PEEC’s April 30–May 1, 2012, meeting, it adopted these and other proposed revisions to Interpretation No. 101-3.

During its deliberations and consideration of comment letters received on the February 28, 2011, exposure draft, PEEC reconsidered the proposed guidance regarding the performance of separate evaluations on the effectiveness of a client’s internal control system, as well as a number of other issues it believes should be addressed in Interpretation No. 101-3. Accordingly, certain revisions described subsequently are being proposed and exposed for comment by membership and other interested parties.

During the same timeframe PEEC was deliberating these issues, the Government Accountability Office (GAO) issued the 2011 revision of *Government Auditing Standards*, with the most significant changes relating to its standards for auditor independence, in particular nonattest services. Although the changes made by the GAO created greater consistency between the AICPA’s and the GAO’s nonattest independence standards, two topics were identified within nonattest services where PEEC believed Interpretation No. 101-3 should be revised. These topics are (a) the cumulative effect that providing multiple nonattest services can have on independence, and (b) preparing financial statements and cash-to-accrual conversions are nonattest services subject to Interpretation No. 101-3.

### ***Cumulative Effect on Independence When Providing Nonattest Services***

PEEC is proposing to add a provision to the interpretation that would highlight that providing multiple nonattest services to a client could increase the significance of the threats to independence, even though, individually, the nonattest services would not impair independence. The proposal would require members to consider whether the performance of multiple (otherwise permitted) nonattest services in the aggregate would create a significant threat to independence and, if so, to determine what, if any, safeguards could be applied to eliminate or reduce the threat to an acceptable level. When no safeguards are available to eliminate or reduce the threats to an acceptable level, independence would be considered impaired.

PEEC believes this proposal is consistent with the risk-based approach described in paragraph .05(a) of ET section 100-1, *Conceptual Framework for AICPA Independence Standards* (AICPA, *Professional Standards*), that requires a member to “identify and evaluate threats, both individually and in the aggregate, because threats can have a cumulative effect on a member’s independence.”

### ***Financial Statement Preparation and Cash-to-Accrual Conversions***

PEEC is proposing that financial statement preparation and cash-to-accrual conversions performed by the member for a client should be considered nonattest services and subject to the requirements of Interpretation No. 101-3.

For a number of years, the Professional Ethics Division has taken the nonauthoritative position in its *Frequently Asked Questions Performance of Nonattest Services* practice aid (found at [www.aicpa.org/InterestAreas/ProfessionalEthics/Resources/Tools/DownloadableDocuments/NonattestServicesFAQs.doc](http://www.aicpa.org/InterestAreas/ProfessionalEthics/Resources/Tools/DownloadableDocuments/NonattestServicesFAQs.doc)) that if such services were performed as part of an audit, the services would be considered part of the normal audit process and not subject to the interpretation’s requirements, provided the records given the member were substantially complete and current. However, if a member had to perform a service to bring those books and records current or complete (such as compiling the subsidiary information), the service would be considered outside the scope of the attest engagement and, therefore, a nonattest service subject to the interpretation’s requirements. Upon reconsideration of this position, PEEC agreed such services should be considered nonattest services, regardless of whether the services are performed as part of an audit. Accordingly, the proposal would result in a change in position.

In addition, extant Statements on Standards for Accounting and Review Services (SSARs) require the accountant to perform a compilation engagement whenever the accountant prepares and presents financial statements to a client or third parties. Proposed revisions to SSARs have been published for exposure that would remove the preparation of financial statements from the attest function. Because preparation is an integral element of the extant compilation standards and cannot be a nonattest and an attest service simultaneously, the Accounting and Review Services Committee is proposing to revise the applicability of the compilation standards so that the standards apply only when the accountant is engaged to compile financial statements. The effect is that the compilation would not be a submission (prepare and present) service but, instead, would be a service in which the accountant reads and reports on financial statements the accountant may have prepared as a separate nonattest service.

Because PEEC’s proposal would result in a change in position, and members may need to implement new policies and procedures, it believes a transition period, such as two years after the revised interpretation is published, would be appropriate. PEEC also believes members should be permitted to implement this provision early.

### ***Internal Audit Assistance Services***

In the February 28, 2011, exposure draft, PEEC proposed to include a requirement that members evaluate the significance of the management participation threat created by performing separate evaluations on the effectiveness of the client’s internal control system. PEEC believed this

proposed requirement was necessary because depending upon the nature and frequency of the separate evaluations, the member could perform services that were equivalent to ongoing monitoring procedures that are a responsibility of management and that would impair independence if performed by the member. During the deliberations of the February 28, 2011, exposure draft, PEEC decided the proposed guidance would be better aligned if it was incorporated into the “Internal Audit Assistance Services” section of the interpretation. PEEC is also proposing two new examples of activities that would impair independence to assist members in understanding these new provisions.

PEEC also believes that separate evaluations performed to determine the effectiveness of client controls are an example of an internal audit service and should be treated the same as other internal audit services. Furthermore, PEEC believes all internal audit services should be subject to consideration of whether they may result in performing ongoing monitoring based on factors such as the frequency of the internal audit services, the significance of the controls being tested, as well as the scope or extent of the controls being tested in relation to the overall financial statements of the client.

### ***Attest Related Activities and Internal Audit Assistance Services***

In the February 28, 2011, exposure draft, PEEC proposed to delete Ethics Ruling No. 103, “Attest Report on Internal Controls,” because it believed adequate guidance would be provided in the new “Management Responsibilities” section of Interpretation No. 101-3. This ethics ruling explained that a member would be independent to issue an attest report on a client’s assertion regarding the effectiveness of its internal control over financial reporting even if the member had provided extended audit services for a client that are in compliance with Interpretation No. 101-3, provided certain safeguards were in place. Those safeguards included a requirement that management not rely on the firm’s work as the primary basis for its assertion.

At its August 2011 meeting, PEEC agreed to delete this ethics ruling because it anticipated it would adopt the related guidance in the new “Management Responsibilities” section of Interpretation No. 101-3. PEEC, however, decided this guidance would be more appropriately addressed in the “Attest-Related Activities” subsection of the “Internal Audit Assistance Services” section of Interpretation No. 101-3.

### **Requests for Specific Comments**

Although PEEC welcomes comments on all aspects of this proposal, it specifically requests feedback on the following issue:

1. Do you believe a two-year transition period is appropriate for the revisions to the “Activities Related to Attest Services” section that require activities such as financial statement preparation and cash-to-accrual conversions to be subject to the requirements of Interpretation No. 101-3, or should the effective date be aligned with the effective date of the revised SSARS that is anticipated to be December 15, 2014? Please explain.

## **Text of Proposed Revised Interpretation**

*(Additions appear in boldface italic, and deletions are ~~stricken~~.)*

**Note:** *The complete text of the interpretation is not presented subsequently. The only portion of the interpretation that is presented subsequently that is not being proposed for revision is the introduction.*

### **101-3—Nonattest Services (in part)**

Before a member or his or her firm (“member”) performs nonattest services (for example, tax or consulting services) for an attest client,<sup>14</sup> the member should determine that the requirements described in this interpretation have been met. In cases where the requirements of this interpretation have not been met during the period of the professional engagement or the period covered by the financial statements, the member’s independence would be impaired, except as noted in the following paragraph.

A member’s independence would not be impaired if the member performed nonattest services that would have impaired independence during the period covered by the financial statements, provided that

- a. the nonattest services were provided prior to the period of the professional engagement.;
- b. the nonattest services related to periods prior to the period covered by the financial statements. ~~;~~ ~~and~~
- c. the financial statements for the period to which the nonattest services relate were audited by another firm (or in the case of a review engagement, reviewed or audited by another firm).

### **Cumulative Effect on Independence When Providing Nonattest Services**

***This interpretation includes various examples of nonattest services that individually would not impair independence. Because the cumulative effect of multiple nonattest services can increase the significance of the threats to independence before and during the provision of nonattest services to an attest client, the member should consider whether the performance of nonattest services in the aggregate creates a significant threat to the member’s independence. When the provision of nonattest services in the aggregate creates threats that are determined to be significant, safeguards should be applied to eliminate the threats or reduce them to an acceptable level. If no safeguards are available to eliminate or reduce the threats to an acceptable level, independence would be considered impaired.***

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<sup>14</sup> A member who performs a compilation engagement for a client should modify the compilation report to indicate a lack of independence if the member does not meet all of the conditions set out in this interpretation when providing a nonattest service to that client (see Statement on Standards for Accounting and Review Services No. 1, *Compilation and Review of Financial Statements* [paragraph .19 of AR section 100]). [Footnote added, effective December 31, 2003, by the Professional Ethics Executive Committee. Footnote renumbered by the revision of Interpretation No. 101-1, April 2006. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, March 2010.]

## Activities Related to Attest Services

Performing attest services often involves communication between the member and client management regarding (a) the client's selection and application of accounting standards or policies and financial statement disclosure requirements,; (b) the appropriateness of the client's methods used in determining the accounting and financial reporting,; (c) adjusting journal entries that the member has prepared or proposed for client management consideration,; and (d) the form or content of the financial statements. These communications are considered a normal part of the attest engagement and would not constitute performing a nonattest service subject to this interpretation.

However, the member should exercise judgment in determining whether his or her involvement has become so extensive that it would constitute performing a separate service ~~that which~~ would be subject to the Interpretation's "General Requirements for Performing Nonattest Services" section. *For example, activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations are considered outside the scope of the attest engagement and, therefore, constitute a nonattest service subject to this interpretation.*

## Internal Audit Assistance Services

Internal audit services involve assisting the client in the performance of its internal audit activities, sometimes referred to as "internal audit outsourcing."<sup>2</sup> In evaluating whether independence would be impaired with respect to an attest client, the nature of the service needs to be considered.

Assisting the client in performing financial and operational<sup>32</sup> internal audit activities would impair independence, unless the member takes appropriate steps to ~~ensure~~ *be satisfied* that the client ~~understands~~ *accepts* its responsibility for<sup>33</sup> *designing, implementing, and maintaining internal control and for* directing the internal audit function, including the management thereof. Accordingly, any outsourcing of the internal audit function to the member whereby the member, in effect, manages the internal audit activities of the client would impair independence.

***Designing, implementing, or maintaining the client's monitoring activities are management responsibilities. Accordingly, independence would be impaired if a member accepts responsibility for performing such activities. Monitoring activities are procedures performed***

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<sup>32</sup> For example, a member may assess whether performance is in compliance with management's policies and procedures, to identify opportunities for improvement, and to develop recommendations for improvement or further action for management consideration and decision making. [Footnote added, effective December 31, 2003, by the Professional Ethics Executive Committee. Footnote renumbered by the Professional Ethics Executive Committee, July 2004. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, April 2006. Footnote subsequently renumbered by the Professional Ethics Executive Committee, February and July 2007. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, March 2010.]

<sup>33</sup> [Footnote added, effective December 31, 2003, by the Professional Ethics Executive Committee. Footnote renumbered by the Professional Ethics Executive Committee, July 2004. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, April 2006. Footnote subsequently renumbered by the Professional Ethics Executive Committee, July 2007. Footnote deleted and subsequently renumbered by the Professional Ethics Executive Committee, July 2007. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, March 2010.]

*to assess whether components of internal control are present and functioning. Certain monitoring activities, such as ongoing evaluations, are built into the routine, recurring operating activities of an organization and are generally performed on a real-time basis. The management participation threat created by a member performing ongoing evaluations is so significant that no safeguards could reduce the threat to an acceptable level.*

*Internal audit services, including separate evaluations to determine whether client controls are present and functioning effectively, that do not result in performing ongoing evaluations or assuming other management responsibilities would generally not create a significant threat to independence. However, members should use judgment in determining whether the internal audit services performed may be equivalent to performing ongoing evaluations, considering factors such as the frequency of the internal audit services, the significance of the controls being tested, as well as the scope or extent of the controls being tested in relation to the overall financial statements of the client.*

*To reduce the threat of assuming a management responsibility,* In addition to the general requirements of this interpretation, the member should ~~ensure~~ *be satisfied* that client management:

- ~~D~~designates an<sup>34</sup> individual or individuals, who possess suitable skill, knowledge, and/or experience, preferably within senior management, to be responsible for the internal audit function.;
- ~~D~~determines the scope, risk, and frequency of internal audit activities, including those to be performed by the member providing internal audit assistance services.;
- ~~E~~evaluates the findings and results arising from the internal audit activities, including those performed by the member providing internal audit assistance services.; ~~and~~
- ~~E~~evaluates the adequacy of the audit procedures performed and the findings resulting from the performance of those procedures ~~by, among other things, obtaining reports from the member.~~

*The member may assist the individual responsible for the internal audit function in performing preliminary audit risk assessments, preparing audit plans, and recommending audit priorities.* The member should also be satisfied that *those charged with governance* ~~the client's board of directors, audit committee, or other governing body~~ *are* informed about the member's and management's respective roles and responsibilities in connection with the engagement. Such information should provide ~~the client's governing body~~ *those charged with governance* a basis for developing guidelines for management and the member to follow in carrying out these responsibilities and monitoring how well the respective responsibilities have been met.

~~The member is responsible for performing the internal audit procedures in accordance with the terms of the engagement and reporting thereon. The performance of such procedures should be~~

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<sup>34</sup> [Footnote deleted by the Professional Ethics Executive Committee, January 2005. Footnote renumbered by the revision of Interpretation No. 101-1, April 2006. Footnote subsequently renumbered by the Professional Ethics Executive Committee, February and July 2007. Footnote subsequently renumbered by the revision of Interpretation No. 101-1, March 2010.]

~~directed, reviewed, and supervised by the member. The report should include information that allows the individual responsible for the internal audit function to evaluate the adequacy of the audit procedures performed and the findings resulting from the performance of those procedures. This report may include recommendations for improvements in systems, processes, and procedures. The member may assist the individual responsible for the internal audit function in performing preliminary audit risk assessments, preparing audit plans, and recommending audit priorities. However, the member should not undertake any responsibilities that are required, as described above, to be performed by the individual responsible for the internal audit function.~~

The following are examples of activities (in addition to those listed in the “~~General Activities Management Responsibilities~~” section of this interpretation) that, if performed as part of an internal audit assistance engagement, would impair independence:

- Performing ongoing monitoring activities or control activities (for example, reviewing loan originations as part of the client’s approval process or reviewing customer credit information as part of the customer’s sales authorization process) that affect the execution of transactions or ensure that transactions are properly executed, accounted for, or both; and performing routine activities in connection with the client’s operating or production processes that are equivalent to those of an ongoing compliance or quality control function
- *Performing frequent separate evaluations on the effectiveness of a significant control such that the member is, in effect, performing ongoing evaluations*
- *Having client management rely on the member’s work as the primary basis for the client’s assertions on the design or operating effectiveness of internal controls*
- Determining which, if any, recommendations for improving the internal control system should be implemented
- Reporting to the board of directors or audit committee on behalf of management or the individual responsible for the internal audit function
- Approving or being responsible for the overall internal audit work plan, including the determination of the internal audit risk and scope, project priorities, and frequency of performance of audit procedures
- Being connected with the client as an employee or in any capacity equivalent to a member of client management (for example, being listed as an employee in client directories or other client publications, permitting himself or herself to be referred to by title or description as supervising or being in charge of the client’s internal audit function, or using the client’s letterhead or internal correspondence forms in communications)

The foregoing list is not intended to be all-inclusive.

### ***Attest-Related Services***

Services involving an extension of the procedures that are generally of the type considered to be extensions of the member’s audit scope applied in the audit of the client’s financial statements, such as confirming of accounts receivable and analyzing fluctuations in account balances, are not considered internal audit assistance services and would not impair independence even if the

extent of such testing exceeds that required by generally accepted auditing standards. In addition, engagements performed under the attestation standards would not be considered internal audit assistance services and, therefore, would not impair independence.

***When a member performs internal audit services that would not impair independence under this interpretation and is subsequently engaged to perform an attestation engagement to report on management's assertion regarding the effectiveness of its internal control, independence would not be considered impaired, provided the member is satisfied that client management does not rely on the member's work as the primary basis for its assertion.***

### **Transition**

Independence would not be impaired as a result of the more restrictive requirements of Interpretation No. 101-3, provided the provision of any such nonattest services are pursuant to arrangements in existence on December 31, 2003, and are completed by December 31, 2004, and the member was in compliance with the preexisting requirements of this interpretation.

***The revisions to the "Activities Related to Attest Services" section that require activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations to be subject to this interpretation would be effective [two years from the date when it is published in the Journal of Accountancy]. Early implementation is permitted.***

## **Proposed New Interpretations Under Rules 501 and 502**

### **Explanation**

Because the use of the CPA designation falls under the jurisdiction of the state boards of accountancy, PEEC is proposing to delete Ethics Ruling No. 65, “Use of the CPA Designation by Member Not in Public Practice,” of ET section 191, *Ethics Rulings on Independence, Integrity, and Objectivity* (AICPA, *Professional Standards*, ET sec. 191 par. .130–.131); Ethics Ruling No. 38, “CPA Title, Controller of Bank,” of ET section 591, *Ethics Rulings on Responsibilities and Practices* (AICPA, *Professional Standards*, ET sec. 501 par. .075–.076); and Ethics Ruling No. 78, “Letterhead: Lawyer-CPA,” of ET section 591 (AICPA, *Professional Standards*, ET sec. 591 par. .155–.156), and to replace the guidance in these rulings with two interpretations.

Both proposed interpretations direct members to refer to their applicable state accountancy laws and board of accountancy rules and regulations for guidance regarding the use of the CPA designation. Proposed Interpretation No. 501-11 “Use of the CPA Designation,” under Rule 501, *Acts Discreditable*, concludes that failure to follow such rules, laws, or regulations would be considered a violation of Rule 501 and would apply to both members in public practice and business. Proposed Interpretation No. 502-6, “Use of the CPA Designation,” under Rule 502, *Advertising and Other Forms of Solicitation*, concludes that such behavior would be considered a violation of Rule 502 and would apply only to members in public practice because this rule is only applicable to members in public practice.

### **Text of Proposed New Interpretations Under Rules 501 and 502**

#### **501-11—Use of the CPA Designation**

A member should refer to applicable state accountancy laws and board of accountancy rules and regulations for guidance regarding the use of the CPA designation. A member who fails to follow his or her state accountancy laws, rules, and regulations on use of the CPA designation would be considered to have used the CPA designation in a manner that is false, misleading, or deceptive and in violation of Rule 501, *Acts Discreditable* (AICPA, *Professional Standards*, ET sec. 501 par. .01).

#### **502-6—Use of the CPA Designation**

A member should refer to applicable state accountancy laws and board of accountancy rules and regulations for guidance regarding the use of the CPA designation. A member who fails to follow his or her state accountancy laws, rules, and regulations on use of the CPA designation would be considered to have used the CPA designation in a manner that is false, misleading, or deceptive and in violation of Rule 502, *Advertising and Other Forms of Solicitation* (AICPA, *Professional Standards*, ET sec. 502 par. .01).

## **Proposed Deletion of Ethics Ruling No. 65 Under Rule 102**

### **Explanation**

PEEC is recommending that Ethics Ruling No. 65 be deleted because the guidance contained in proposed Interpretation Nos. 501-9 and 502-6 would provide members with guidance on use of the CPA designation.

### **Text of Proposed Deletion**

#### **65. Use of the CPA Designation by Member Not in Public Practice**

**.130 Question**—A member who is not in public practice wishes to use his or her CPA designation in connection with financial statements and correspondence of the member’s employer. The member also wants to use the CPA designation along with employment title on business cards. Is it permissible for the member to use the CPA designation in these manners?

**.131 Answer**—Yes. However, if the member uses the CPA designation in a manner to imply that he or she is independent of the employer, the member would be knowingly misrepresenting facts in violation of Rule 102 [ET section 102 par. .01]. Therefore, it is advisable that in any transmittal within which the member uses his or her CPA designation, he or she clearly indicate the employment title. In addition, if the member states affirmatively in any transmittal that a financial statement is presented in conformity with generally accepted accounting principles, the member is subject to Rule 203 [ET section 203 par. .01].

[Replaces previous Ethics Ruling No. 65, “Use of the CPA Designation by Member Not in Public Practice,” February 1996, effective February 29, 1996.]

## **Proposed Deletion of Ethics Ruling No. 38 Under Rule 501**

### **Explanation**

PEEC is recommending Ethics Ruling No. 38 be deleted because the guidance contained in proposed Interpretation No. 501-9 would provide members with guidance on use of the CPA designation.

### **Text of Proposed Deletion**

#### **38. CPA Title, Controller of Bank**

**.075 Question**—A member not in public practice is controller of a bank. May the member permit the bank to use his or her CPA title on bank stationery and in paid advertisements listing the officers and directors of the bank?

**.076 Answer**—The use of the CPA title on bank stationery by a member not in public practice is proper. It would also be proper for the CPA title of the member to appear in paid advertisements of the bank that list the officers and directors.

## **Proposed Deletion of Ethics Ruling No. 78 Under Rule 502**

### **Explanation**

PEEC is recommending Ethics Ruling No. 78 be deleted because the guidance contained in proposed Interpretation No. 502-6 would provide members with guidance on use of the CPA designation.

### **Text of Proposed Deletion**

#### **78. Letterhead: Lawyer-CPA**

**.155 Question**—May a member who is also admitted to the Bar represent him or herself on his or her letterhead as both an attorney and a CPA, or should he or she use separate letterheads in the conduct of the two practices?

**.156 Answer**—The code does not prohibit the simultaneous practice of accounting and law by a member licensed in both professions. Either a single or separate letterheads may be used, provided the information with respect to the CPA designation complies with Rule 502, *Advertising and Other Forms of Solicitation* [sec. 502 par. .01]. However, the member should also consult the rules of the applicable Bar Association.