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The Professional Ethics Committee of the Society of Louisiana CPAs (LCPA) thanks you for the opportunity to respond to March 10, 2017 Exposure Draft for Proposed Interpretations-Responding to Non-Compliance with Laws and Regulations. We provide the following comments for further discussion by the Committee.

### **Issue # 1**

We are concerned that according to the explanation of the ED, “The proposed guidance, however, does impose requirements on auditors that go beyond the audit standards for purposes of fulfilling their ethical obligations under the AICPA code.”

*We believe that the final standard should provide more guidance to the auditors through detailed explanations and examples to better explain the AICPA’s expectations and requirements.*

### **Issue # 2**

The IESBA standard has a provision that would require a professional accountant in public practice who has withdrawn from a professional relationship, upon request from the successor accountant, to disclose a NOCLAR to the successor accountant. Due to state laws and regulations on confidentiality noted previously, the AICPA proposed interpretation does not contain a similar provision regarding disclosure to a successor accountant. The member would need to obtain the client’s permission to discuss the matter with the successor. If the client refuses to permit the member to discuss all matters with the successor, the successor should be mindful of a potential issue.

*We believe that a member that is acting as a predecessor auditor has the responsibility to provide certain workpapers and respond openly to the successor auditor’s inquiries. We believe the IESBA standard is correct and limiting any response or disclosure by the predecessor auditor once the client has instructed the predecessor auditor to assist the successor auditor is an improper limitation.*

### **Issue # 3**

Section 2.170.010-20 & 33 states that “In addition to responding to the matter in accordance with the provisions of this interpretation, the member [who is a senior professional accountant] should determine whether disclosure of the matter to the employing organization’s external auditor, if any, is necessary pursuant to the member’s duty or legal obligation to provide all information necessary to enable the auditor to perform the audit.”

*We disagree with any member (management, senior professional accountant, other accountant) of an employing organization **not** fully disclosing a NOCLAR matter to that organization’s external auditor. Those individuals should be ethically required to fully disclose these matters to the external auditor and not be allowed to **determine** whether disclosure is necessary. Every auditor expects an organization to fully disclose **all** matters to them and the credibility of each audit demands this full disclosure. There should be virtually no reason for an organization to withhold this information. As an auditor, if management does communicate to them that they are not fully disclosing all matters, then the auditor should consider this as a scope limitation and address it accordingly.*

*It seems contradictory to us that this proposed guidance imposes more extensive requirements on auditors and yet, provides members of an organization the ability to decide whether to disclose a NOCLAR event to that organization’s external auditor.*

### **Issue # 4**

We do not believe that the one-year delay is necessary for these interpretations. Most members are substantially complying already, and this interpretation will assist both members in public practice and business and industry upon publication.

Sincerely,  
SOCIETY OF LOUISIANA CPAs

*Kurt G. Oestriecheer, CPA*

Kurt Oestriecheer, CPA  
LCPA Ethics Committee Chair

cc: Stacey Lockwood  
Director of Professional Oversight