

May 11, 2017

Submitted via email: lisa.snyder@aicpa-cima.com  
Lisa Snyder, Senior Director  
AICPA Professional Ethics Division  
220 Leigh Farm Road  
Durham, North Carolina 27707-8110

Dear Ms. Snyder:

The Professional Ethics Committee of the Missouri Society of CPAs (MOCPA) appreciates the opportunity to respond to certain matters in the Proposed Interpretations Responding to Non-Compliance with Laws and Regulations (NOCLAR). The views expressed herein are written on behalf of the Ethics Committee of the MOCPA. The PE Committee, although not authorized directly by the MOCPA Board of Directors, was encouraged to submit comments on matters of interest to the society's membership. The views expressed in this letter have not been approved by the MOCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the MOCPA.

We generally agree with the direction taken by the AICPA Professional Ethics Executive Committee (PEEC). This Exposure Draft will provide an improved framework for making decisions on NOCLAR issues for those members in public practice and those members not in public practice (government, industry and education).

In addition to answering the questions raised by the PEEC, MOCPA Professional Ethics Committee members raised several other questions that we would like to relay to the PEEC including the following:

Page 6 of the Exposure Draft under Purpose, in the last paragraph, reads - an objective of members when encountering a NOCLAR is to..."rectify the NOCLAR...". If there is noncompliance with a law or regulation the word "rectify" seems to be unclear. Does it mean "correct" or another word? Also, how can a law violation be rectified? If such occurs, the client cannot "correct" a violation but should perhaps seek legal counsel as to what to do, such as possibly reporting the act to government authorities.

Page 6 of the Exposure Draft under Scope reads - a member should obtain an understanding of a matter when a NOCLAR is discovered. It is not clear what "understanding" means, and we hoped this could be clarified. For example, does it mean a member finds that a client made a payment to a law enforcement official and suspects it may be a bribe? How far should the member inquire as to the purpose of the payment? "Understanding" is also used on page 9 in Responsibilities of Senior Professional Accountants in Business.

Instead of Professional Accountants in Business, we would suggest saying Members Who Are Not in Public Practice, as "Business" does not include education and government.

Page 9 of the Exposure Draft refers to identification of the infractions and for the member to notify the "next higher level of authority." This may be clarified to be the "next higher level not also similarly suspected."

Additionally, section 1.170.010.07 incorporates the "Reasonable Man" Standard, of essentially: what would a reasonable person do when considering all the specific facts and circumstances available, and then likely concluding that the infraction occurred. Because the infraction may involve a crime in which intention is an element, are those in the financial realm properly trained to make that determination? Further, there may be entirely valid differences over the interpretation of factual matters, such as, one may consider lavish entertainment tantamount to a bribe, while another would see such as an act of entirely legal, albeit aggressive marketing.

In section 1.170.010.20, we completely agree with the recommendation that management seek legal advice, but we're uncomfortable recommending or identifying sources of authority or commentary on the particular matter. For example, if its noted that someone is ill, the recommendation should be limited to "see a doctor" and nothing else inasmuch as neither that person nor the CPA are medical doctors.

Finally, if CPAs are made responsible for "environmental protection" or "public health and safety" issues, are they qualified to determine problems in these areas? This may be setting a standard that opens CPAs to a lot of litigation.

Thank you for considering our comments. We would be pleased to respond to any questions the Board or its staff may have about any of the above or following comments. Please direct any questions to Kathleen Meyer at 1-800-264-7966 or email [kmeyer@mocpa.org](mailto:kmeyer@mocpa.org).

Sincerely,

A handwritten signature in blue ink that reads "Ron Thiewes". The signature is written in a cursive style with a large initial "R" and "T".

Ron Thiewes, CPA  
MOCPA Professional Ethics Committee Chair

**Question 1:** Should members in public practice who provide only non-attest services to a client be required to document certain aspects of the NOCLAR? Or, rather, should they be encouraged to document certain aspects of the NOCLAR?

**Response:** The MOCPA Professional Ethics Committee feel that members should be encouraged to document certain aspects of the NOCLAR in order to provide more protection in the event of a complaint and investigation of the CPA.

**Question 2:** Is a one year transition period for the effective date appropriate? If not, what is an appropriate time period and why?

**Response:** The MOCPA Professional Ethics Committee members feel that a one year transition period for the effective date is appropriate.