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Professional Ethics Executive Committee
Lisa A. Snyder, Senior Director
Professional Ethics Divisions
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via e-mail: lisa.snyder@aicpa-cima.com

Re: Responding to Non-Compliance with Laws and Regulations

Dear Ms. Snyder and PEEC Committee Members:

We appreciate the opportunity to provide comments on the American Institute of Certified Public Accountants ("AICPA") Professional Ethics Executive Committee's ("PEEC") Proposed Interpretation to the Code of Professional Conduct, *Responding to Non-Compliance with Laws and Regulations*. Our comments on the proposed interpretation follow.

We are concerned that the proposed interpretation does not differentiate requirements between auditors and non-auditors. The International Ethics Standard Board for Accountants ("IESBA") Final Pronouncement, *Responding to Non-Compliance with Laws and Regulations*, has less demanding requirements for professional accountants in public practice providing services other than audits of financial statements ("non-auditors"). Specifically, as stated in the IESBA Basis for Conclusions document, paragraph 225.39 of the IESBA Final Pronouncement only requires non-auditors to seek to obtain an understanding of non-compliance with laws and regulations ("NOCLAR"), recognizing that constraints on their access to information may preclude them from obtaining such an understanding. Further, paragraph 225.49 only requires non-auditors to consider (and not determine) whether further action is needed in the public interest.

The provision of non-attest services often does not provide a sufficient basis for enabling a member to obtain an understanding of a matter as required in paragraph 13 of the proposed interpretation, and we recommend that non-auditors be required only to "seek to obtain an understanding of a matter" similar to the IESBA requirement. Further, due to likely constraints on their access to information, non-auditors should also be required to "consider advising" management and those charged with governance as opposed to "should advise" as noted in paragraph 19. Further, we recommend that paragraph 24 related to the appropriateness of management's response be changed to "should consider assessing" rather than "should assess."



We also recommend that certain non-attest services should be carved out of the interpretation such as forensics due to the conflicting nature of the services with the requirements.

Finally, we recommend that non-auditors be encouraged rather than required to document certain aspects of a NOCLAR.

Paragraph 67 of the IESBA Basis of Conclusions further notes that the nature of non-audit services are "extremely diverse" and may be one-off limited scope engagements with relatively short durations. As a result, the IESBA Board concluded that it would be unreasonable to require non-auditors to apply the same response framework as auditors but left open the ability for jurisdictions to extend the framework to non-auditors if doing so would serve national needs. We do not believe there is a basis for extending the response framework to non-auditors; rather, it would more likely result in undue harm to these individuals, and firms would likely incur an increase in legal exposure and unnecessary significant costs of compliance.

We would be pleased to discuss our letter with you. If you would like to discuss our comments, please contact, Christopher Tower, National Managing Partner - Audit Quality and Professional Practice (714) 668-7320.

Respectfully,

BDO USA, LLP