



## Professional Ethics Executive Committee

### Sample Client Disclosure Language for Outsourcing Rules

June 3, 2005 (Updated June 15, 2015 for New Code Citations)

The AICPA Professional Ethics Executive Committee (PEEC) has developed sample language which could be used to fulfill the requirement in the [“Use of a Third-Party Service Provider”](#) interpretation [AICPA, *Professional Standards*, ET sec. 1.150.040] of the “Integrity and Objectivity Rule” [AICPA, *Professional Standards*, ET sec. 1.100.001] provides that in cases where the member chooses to provide *written* disclosure. While the interpretation does not require that the disclosure be in writing, the PEEC recognizes that some may choose to provide written disclosure to the client in fulfilling the requirements of the rules. Please note that the following is for illustrative purposes only, and members should ensure that any final language, complies with their firm’s policies and procedures and applicable laws and regulations including the rules of other regulatory bodies such as state boards of accountancy, Securities and Exchange Commission (SEC), General Accountability Office (GAO), etc.

***The firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.***

Highlights of the third-party service provider interpretations are as follows:

- The [“Use of a Third-Party Service Provider”](#) interpretation of the “Integrity and Objectivity Rule” requires that, prior to sharing confidential client information with the service provider, a member inform the client, preferably in writing, that he or she may be using a third-party service provider when providing professional services (this provision does not apply to third-party service providers used only to provide administrative support services such as record storage, software application hosting and authorized e-file tax transmittal services to the client.)
- The [“Use of a Third-Party Service Provider”](#) interpretation [AICPA, *Professional Standards*, ET sec. 1.300.040] of the “General Standards Rule” [1.300.001] clarifies the application of “General Standards Rule” and the “Compliance with Standards Rule” to members who use a third-party service provider in providing professional services to



clients, and makes clear the committee's position that the member is responsible for all work performed by the service provider.

- The “[Disclosing Information to a Third-Party Service Provider](#)” interpretation [AICPA, *Professional Standards*, ET sec. 1.700.040] of the “Confidential Client Information Rule” [1.700.001] applies the guidance to any third-party service provider used by the member, including those who provide only administrative support services. While not requiring specific client consent prior to disclosing confidential client information to a third-party service provider, the ruling does require a member to enter into a contractual agreement with the third-party service provider to maintain the confidentiality of the client's information, and requires that members be reasonably assured that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential client information.
- The provisions of these interpretations are effective for all professional services performed on or after July 1, 2005, except for professional services performed pursuant to agreements in existence on June 30, 2005 that are completed by December 31, 2005.

The interpretations available at: <http://pub.aicpa.org/codeofconduct>.

The Background and Basis for Conclusions are available at:

[http://www.aicpa.org/download/ethics/Outsourcing\\_Basis.pdf](http://www.aicpa.org/download/ethics/Outsourcing_Basis.pdf)