

September 26, 2014

Lisa A. Snyder
Director of the Professional Ethics Division
AICPA
1211 Avenue of the Americas
New York, NY 10036

By email: lsnyder@aicpa.org

Re: Exposure Draft: *Breach of an Independence Interpretation, Proposed Interpretation of the AICPA Professional Ethics Division*

Dear Ms. Snyder:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

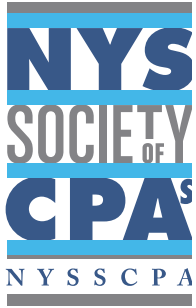
The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Jack M. Carr, Chair of the Professional Ethics Committee at (585) 272-9870, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in black ink that reads "S. M. Adair". The signature is written over a faint, semi-transparent watermark of the NYSSCPA logo.

Scott M. Adair
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**EXPOSURE DRAFT, *BREACH OF AN INDEPENDENCE INTERPRETATION,*
*PROPOSED INTERPRETATION OF THE AICPA PROFESSIONAL ETHICS DIVISION***

September 26, 2014

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New York State Society of Certified Public Accountants

Comments on

Exposure Draft, *Breach of an Independence Interpretation, Proposed Interpretation of the AICPA Professional Ethics Division*

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide commentary on the Professional Ethics Executive Committee (PEEC) new proposed interpretation No. 101-20, *Breach of an Independence Interpretation*, and the revision to ET section 91, *Applicability*, to the *AICPA Code of Professional Conduct* (Code).

The public interest and independence are two of the six principles of conduct in the Code and considered part of the cornerstones of the profession. The Code states that a member in public practice shall be independent in the performance of professional services and a breach of an interpretation of the independence rule would require a member's firm to resign from an attest engagement regardless of the consequences of the breach. The NYSSCPA commends the PEEC in its efforts to address a breach of an independence interpretation when it believes that the public interest would not be served if a firm is forced to resign from an attest engagement due to such breach if the consequences of that breach do not affect the attest engagement team's integrity, objectivity, and professional skepticism.

In general, the NYSSCPA agrees that a delayed effective date is unnecessary, but the PEEC might take under advisement providing a delayed effective date until December 15, 2014, to provide members with additional time to design and establish the required policies, procedures and documentation described in the proposal.

We request that the PEEC consider the following specific suggestions relating to proposed interpretation No. 101-20:

- Clarifying when reference is made to the communication with "those charged with governance" that the interpretation state that those charged with governance represents individuals at the client entity, for example, the audit committee or board of directors.
- Communicating that the proposed actions to address an independence breach be approved by the highest level of management within the firm.