

From: EHendler@friedmanllp.com [<mailto:EHendler@friedmanllp.com>]
Sent: Sunday, September 14, 2014 6:09 PM
To: Snyder, Lisa
Subject: PEEC Exposure Draft - Breach of an Independence Interpretation

Ms. Lisa a. Snyder
AICPA
Director, Professional Ethics Division

Dear Ms. Snyder,

I appreciate the opportunity to comment on the Exposure Draft (ED) of the proposed ethics interpretation "Breach of an Independence Interpretation". These are my comments:

1. I suggest that the proposed interpretation be withdrawn. Auditors should not be given an option to evaluate and categorize a violation according to its perceived severity and impact on integrity, objectivity and professional skepticism. This could result in a lot of pressure being placed on firm partners and staff responsible for making these determinations and potential inappropriate conclusions that "lo and behold, that violation isn't so bad and we don't have to resign from the engagement or recall our previously issued auditors' report after all; which the managing partner was saying all along". Problems with clients on these issues are also possible. Let a violation be a violation. Period. We have enough stresses and headaches, which seem to increase daily. Let's not create any more.
2. Why must a firm have established policies and procedures in order to address consequences of a violation? Why are they precluded from dealing with it if and when something arises?
3. If the proposed interpretation is issued as final, and I hope it isn't, please change "Breach" " to the good old, much loved "Violation".
4. The usual effective date is okay, but can you come up with a way to provide some advanced notice? Not everyone gets around to reading the Journal of Accountancy immediately on receipt, if at all, or sees that well-kept secret, an interpretation.

Please contact me with any questions or comments.

Sincerely,

Elliot L. Hendler, CPA