

May 8, 2017

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

By email: [lsnyder@aicpa-cima.org](mailto:lsnyder@aicpa-cima.org)

**Re: AICPA Professional Ethics Division Exposure Draft – *Proposed Interpretations,*  
*Responding to Non-Compliance with Laws and Regulations,*  
*March 10, 2017***

Dear Ms. Snyder:

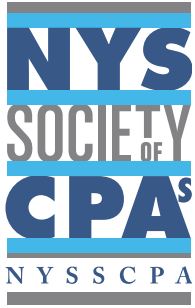
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

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 Renee Rampulla, Chair of the Professional Ethics Committee, at (212) 719-8361, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

F. Michael Zovistoski  
President

Attachment



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

**COMMENTS ON**

***AICPA PROFESSIONAL ETHICS DIVISION EXPOSURE DRAFT – PROPOSED  
INTERPRETATIONS, RESPONDING TO NON-COMPLIANCE WITH LAWS AND  
REGULATIONS, MARCH 10, 2017***

**May 8, 2017**

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Steven J. Leifer  
Elliot A. Lesser  
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Renee Rampulla**

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Ernest J. Markezin

## New York State Society of Certified Public Accountants

### Comments on

### **AICPA Professional Ethics Division Exposure Draft – *Proposed Interpretations, Responding to Non-Compliance with Laws and Regulations, March 10, 2017***

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the AICPA's Professional Ethics Executive Committee's (PEEC) Exposure Draft – *Proposed Interpretations, Responding to Non-Compliance with Laws and Regulations, March 10, 2017* (Proposal).

#### **General Comments**

We support the PEEC's efforts to provide guidance in the AICPA's Code of Professional Conduct, where none currently exists, to members who may encounter non-compliance with laws and regulations (NOCLAR) or suspected NOCLAR. We also concur with PEEC's belief that providing such guidance would serve the public interest.

#### **Specific Comments**

##### **Questions for Respondents -**

We have the following responses to questions posed in the Proposal:

**Question 1: Should members in public practice who provide only nonattest 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:** We believe that such documentation should be required, not simply encouraged.

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

**Response:** We believe that a one year transition period for the effective date is too long. An effective date of six months from the last day of the month in which they are published in the *Journal of Accountancy* is appropriate.

**Other Comments Relating to Proposed Interpretation 1.170.010 Responding to Non-Compliance with Laws and Regulations -**

We suggest that the PEEC consider the following:

- 1.170.010.10b: Provide additional guidance for members in situations where the identified or suspected NOCLAR has been committed by a third-party entity.
- 1.170.010.22 and .23: Define and illustrate the term “statutory audit.” We recognize that the use of this term and type of audit engagement frequently occurs outside the United States, but generally many audits within the United States are required by third parties, such as lending institutions rather than by statute of law. We are concerned that members may inadvertently assume that a statutory audit would represent an audit required by regulators such as the Securities and Exchange Commission or the Department of Labor
- 1.170.010.22 and .23: References are made to instances where communications between group engagement partners and those performing work at components, with respect to NOCLAR or suspected NOCLAR, may be prohibited by law or regulation. We believe that this reference requires further clarification and guidance on how to proceed when such situations are encountered.

**Other Comments Relating to Proposed Interpretation 2.170.010, Responding to Non-Compliance with Laws and Regulations -**

We suggest that the PEEC consider the following:

- Revise the heading to “(Applicable to Members in Business)”
- We believe that complying with the provisions of this interpretation may have a profound negative effect on a member’s career or livelihood. Accordingly, we suggest that robust guidance be provided to assist members when dealing with these difficult situations, and on whether there is any relief from these provisions should they find themselves in such circumstances.
- Consider the possible inconsistency between 2.170.010.28 and .33, which refer to consulting with a regulator or professional body, or the external auditor, and 2.000.020, *Ethical Conflicts*, paragraphs .05 and .06 and whether revisions to the latter are required.