

**THE TECHNICAL CORRECTION CONTAINED IN THIS DOCUMENT IS EFFECTIVE IMMEDIATELY**

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The Professional Ethics Executive Committee made a technical correction to the definition of “Covered member” in the Preface (AICPA, *Professional Standards*, ET sec. 0.400.12) and to the “Agreed-Upon Procedure Engagements Performed in Accordance with SSAEs” interpretation under the “*Independence Rule*” (AICPA, *Professional Standards*, ET sec. 1.297.020)

**Technical Correction to Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs Interpretation**  
**Edits To Be Made in the July 2018 Update**  
**(Deletions are Stricken and Additions Appear In Bold Italics)**

.12 **Covered member.** All of the following:

- a. an individual on the *attest engagement team*.
- b. an *individual in a position to influence the attest engagement*.
- c. a *partner, partner equivalent, or manager* who provides ~~more than~~ 10 **or more** hours of nonattest services to the *attest client* within any fiscal year. Designation as *covered member* ends on the later of (i) the date that the *firm* signs the report on the *financial statements* for the fiscal year during which those services were provided or (ii) the date he or she no longer expects to provide 10 or more hours of nonattest services to the *attest client* on a recurring basis.
- d. a *partner or partner equivalent* in the *office* in which the lead *attest engagement partner or partner equivalent* primarily practices in connection with the *attest engagement*.
- e. the *firm*, including the *firm’s* employee benefit plans.
- f. an entity whose operating, financial, or accounting policies can be *controlled* by any of the individuals or entities described in items a–e or two or more such individuals or entities if they act together. [Prior reference: paragraph .07 of ET section 92]

**Effective Date**

The addition of partner equivalents to this definition is effective for engagements covering periods beginning on or after December 15, 2014.

**1.297.020 Agreed-Upon Procedure Engagements Performed in Accordance With SSAEs**

- .01 For purposes of this interpretation, subject matter is as defined in the SSAEs.
- .02 When performing agreed-upon procedures (AUP) engagements in accordance with the SSAEs, the application of the “[Independence Rule](#)” [1.200.001] is modified, as described in the “[Application of the Independence Rule to Engagements Performed in Accordance With Statements on Standards for Attestation Engagements](#)” interpretation [1.297.010] of the “Independence Rule” and this interpretation.

- .03 When providing nonattest services that would otherwise *impair independence* under the *interpretations* of the “[Nonattest Services](#)” subtopic [1.295] under the “Independence Rule” [1.200.001], *threats* would be at an *acceptable level* and *independence* would not be *impaired*, provided that the nonattest services do not relate to the specific subject matter of the SSAE engagement. *Threats* would be at an *acceptable level* and *independence* would also not be *impaired* if the “[General Requirements for Performing Nonattest Services](#)” interpretation [1.295.040] of the “Independence Rule” were not applied when providing the nonattest services, provided that the nonattest services do not relate to the specific subject matter of the AUP engagement.
- .04 In addition, when performing an AUP engagement under the SSAEs, *threats* would be at an *acceptable level* and *independence* would not be *impaired*, if the following *covered members* and their *immediate families* are independent of the responsible party(ies):
- a. Individuals participating on the AUP engagement team
  - b. Individuals who directly supervise or manage the AUP engagement *partner* or *partner equivalent*
  - c. Individuals who consult with the *attest engagement team* regarding technical or industry-related issues specific to the AUP engagement
- .05 Furthermore, *threats* to compliance with the “[Independence Rule](#)” [1.200.001] would not be at an *acceptable level* and could not be reduced to an *acceptable level* by the application of *safeguards*, and *independence* would be *impaired*, if the *firm* had a material financial relationship with the responsible party(ies) that was covered by any of the following interpretations of the “[Independence Rule](#)”:
- a. [Paragraphs .01 and .02](#) of “Overview of Financial Interests” [1.240.010]
  - b. “[Trustee or Executor](#)” [1.245.010]
  - c. “[Joint Closely Held Investments](#)” [1.265.020]
  - d. “[Loans](#)” [1.260.010] [Prior reference: paragraph .13 of ET section 101]