



Society of Louisiana
Certified Public Accountants
Truth. Strength. Fortitude.

June 15, 2018

Toni Lee-Andrews, CPA
Director, Professional Ethics Division AICPA

The Professional Ethics Committee of the Society of Louisiana CPAs (LCPA) thanks you for the opportunity to respond to March 15, 2018 Exposure Draft Information System Services. We provide the following comments for further discussion by the Committee.

2017-18 BOARD OF DIRECTORS

Chair

Gina Rachel, CPA

Chair-Elect

Kandace Mauldin, CPA

Treasurer

Jason MacMorran, CPA, ABV, CFF, CVA

Immediate Past Chair

Ralph Bender, CPA, CGMA

Directors

Kenneth Champagne, CPA, CGMA

Walker Coburn, CPA, CGMA

Gary Dressler, CPA

Barret Ellender, CPA

Angela Gray, CPA, CGMA

Mona Fordham, CPA, CGMA

Jessica Kolwe, CPA

Bob Little, CPA

Tiffani McLain, CPA, CGMA

Curtis Meaux, CPA, CGMA

Jay Montalbano Jr., CPA, CVA

Seth Norris, CPA

Paul Riggs Jr., CPA

Anthony Rutledge, CPA

Mark Taylor, CPA, CGMA

Executive Director/CEO

Ronald Gitz II, CPA, CGMA

2400 Veterans Boulevard
Suite 500
Kenner, LA 70062-4739
504.464.1040
800.288.5272
Fax 504.469.7930
lcpa.org

You have specifically requested feedback on the following:

1. Do you believe the terminology used in the proposal is consistent with industry practice and will be readily understood by members who do and do not practice in this arena? *We believe that the terminology used is probably consistent with industry practice but we are not sure that members will understand and draw the required distinctions between aspects of a financial and nonfinancial information system.*
2. The definition of a financial information system proposes in part to include a system that generates information that is significant to the financial statements or financial processes taken as a whole.
 - a. The proposal currently does not include specific guidance on what is “significant,” leaving the determination to the professional judgment of the member. Do you believe this is appropriate? If you believe specific guidance should be included, please explain how you believe “significant” should be defined. *We believe that specific guidance would be extremely helpful since the term “significant” can be assessed differently by various members. We also believe that examples are very beneficial and should be used. The one example in the ED, tends to raise questions than provide guidance.*
 - b. By including the concept of “significant” in the definition of a financial information system, it could be perceived that PEEC has proposed a less restrictive standard than the current interpretation, which would allow the member to design or develop a component of the financial information system that is not significant to the financial statements or financial process as a whole. Do you believe this exception is appropriate? Why or why not? *We feel that the exception only creates additional problems to be addressed at a later date. The concept of “significant” in this situation, only adds to a lack of clarity for this ED*

- c. Do you think the phrase “financial process” makes it clear that members should be thinking broadly about processes that may affect a financial process such as information technology general controls? *Yes, we see no problem with the term “financial processes” as used in this ED.*
3. One of the factors proposed that may assist members in determining whether a nonattest service is related to a financial system is whether the system gathers data that assists management in making decisions that directly affect financial reporting. Do you believe this would include management-level dashboard reporting? Why or why not? *Yes, because the intent of a dashboard is to provide a summary of concise, current information to management at a glance to allow them to make decisions. We feel that a number of these decisions could affect financial reporting.*
4. If adopted as proposed, do you believe the extended period of time would be needed to implement the guidance? Why or why not? *No, since firms are currently addressing nonattest services when performing attest service engagements, this does not appear to create issues that would require additional time to implement. A one year implementation date should be sufficient to allow firms to address the requirements in this ED. There may need to be a period of time for projects in process by these firms that would require “grandfathered status.”*

The committee appreciates the opportunity provided to comment on this exposure draft. Please contact us if any clarification is needed.

Respectfully submitted,

Kurt Oestrieher, CPA

Kurt G. Oestrieher, CPA

Chair, LCPA Professional Ethics Committee