

June 15, 2018

AICPA Professional Ethics Executive Committee
c/o Samuel L. Burke, Chair
1211 Avenue of the Americas
New York, NY 10036-8775

Via Email: Ethics-ExposureDraft@aicpa-cima.com

RE: Exposure Draft of Proposed Revised Interpretation on Information System Services

Mr. Burke:

Armanino LLP (“Armanino”) is a Top-25 accounting firm, with major offices in California, Texas, and Illinois, with over 100 partners and more than 1,000 total staff. Armanino appreciates the opportunity to comment on the Exposure Draft of Proposed Revised Interpretation on Information System Services (the “Proposal”) published by the AICPA’s Professional Ethics Executive Committee (PEEC). As one of the country’s largest accounting firms, and a leading implementor of accounting, budgeting and ERP software solutions, Armanino is well-qualified to provide input on the Proposal.

Armanino agrees with the need to update the independence standards to reflect current realities of information technology service offerings and generally agrees with the proposal. However, we believe the guidance contained in the Proposal can be improved with certain clarifications described below.

Armanino is concerned that specifically referencing application programming interfaces (APIs) may be inappropriately narrow and should be revised in the Proposal. Specifically, paragraphs .15 and .18 should be revised to clarify that members may use *any generally available technique or technology*, including application programming interfaces (APIs), to interface or provide data translation services for a commercial off-the-shelf (COTS) *provided that the member’s work does not alter how the COTS financial information system functions, processes data or produce results*. Mentioning APIs alone is too limiting because there are many different techniques and technologies that members may utilize when interfacing or providing data translation services for COTS financial information system. And utilizing other available techniques should not create an unacceptable self-review threat to independence as long as the member’s work *does not alter how the COTS financial information system functions, processes data or produce results*.

Finally, Armanino would like to provide feedback on one of the specific questions raised in the Proposal:

“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?”

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Armanino believes there would be situations where the design, development and implementation of management-level dashboard reporting would not directly affect financial reporting. For example, many management-level dashboard reporting systems may be primarily operational in nature (e.g., a system that reports on certain operational key performance indicators (KPIs) selected and designed by management), and may utilize information from the financial system solely as an input to the dashboard reporting system. In such an example, we believe the management -level dashboard reporting system would not directly affect financial reporting and that any potential threat to independence would likely remain at an acceptable level.

Thank you again for the opportunity to comment on the Proposal. Please contact me at 925-790-2768 or Paul.Peterson@ArmaninoLLP.com if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Peterson". The signature is fluid and cursive, with the first and last names being the most prominent.

Paul J. Peterson
Partner, Audit
Director, Quality Control
Member, California Society of CPA's Accounting Principles and Assurance Services Committee