



Oregon Society of Certified Public Accountants

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June 15, 2018

From: OSCPA Professional Conduct (Ethics) Exposure Draft Review Subcommittee

To: AICPA Professional Ethics Division

Providing response related to:

AICPA Exposure Draft Proposed Revised Interpretation
Information System Services (*formerly* Information System Design, Implementation, or
Integration)
Dated: March 15, 2018

On behalf of the Oregon Society of CPAs, please accept our comments as provided below. If you should have questions, contact:

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Thank you for the opportunity to provide feedback.

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III. Request for Specific Comments

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?

Response: The terminology used in the proposal was not readily understood by the subcommittee. The subcommittee includes members who do not generally provide information systems design, implementation or integration services. All of us found the terminology somewhat unclear.

2. The definition of a financial information system proposes in part to include a system that generates information that is significant to the financial statement for 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 judgement of the member. Do you believe this is

- b. appropriate? If you believe specific guidance should be included, please explain how you believe “significant” should be defined.

Response: The definition of “significant” is reasonable. The decisions for what is and what isn’t significant should be left up to the member. The member should be able to assess the independence issues related to designing or developing a component of the financial information system by applying requirements related to the “Independence Rule” and “Nonattest Services”.

- c. 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?

Response: Allowing members 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 is appropriate as long as the other requirements related to independence, etc. are met. A financial information system has many components and small businesses often do not have all parts of a financial information system due to the cost/benefit of implementation.

- d. Do you think the phrase “financial process” makes it clear that member should be thinking broadly about processes that may affect a financial process such as information technology general controls?

Response: The phrase “financial process” is vague and general phrase that could easily be applied to multiple interpretations and definitions. The entire process of accounting could be defined as a “financial process”. Are we to interpret that the phrase applies all accounting or just a part of the accounting process to be covered in for 1.295.145 *Information Systems Services*? It should be carefully defined in such a way as to illustrate the broadness of the application.

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?

Response: We believe that preparing a dashboard is a non-attest service because it should not be included as a part of a “financial information system” as defined in the section labeled “**Terminology**” in the proposed interpretation.

- a. Dashboard do not “aggregate source data underlying the financial statements or generate information that is significant to the financial statements or financial process as a whole”.
- b. Dashboard aren’t generally part of “a system controls or system output subject to attest procedures”.
- c. Dashboards are not “a system that generate data that is used as an input to the financial statements”.

- d. Dashboards are not used to “gather data that assist management in making decisions that directly impact financial reporting”.
- e. Dashboards are not “a system that is part of the attest client’s internal controls over financial reporting”.

As we understand them, dashboards gather financial information that already exists and presents it differently than a typical financial statement. We believe a member could perform this nonattest service for an attest client if the client assigns a competent member of client management to oversee the services and take responsibility for the quality, outcome, and ongoing maintenance for the dashboard.

- 4. If adopted as proposed, do you believe the extended period of time would be needed to implement the guidance? Why or why not?

Response: An extended period of time would be needed to implement the guidance in order to allow time for members to understand the changes and to make changes in their current practices to appropriately serve their clients.

General Comments:

- 1. Increased clarity could be achieved for members who do and do not practice in this arena if examples were provided delineating between common activity causing and not causing concern.