

June 13, 2018

American Institute of Certified Public Accountants
Professional Ethics Division
Ethics-ExposueDraft@aicpa-cima.org

Anders Minkler Huber and Helm, LLP (Anders) appreciates the opportunity to respond to the request for comments on the Exposure Draft – Proposed Revised Interpretation – Information Systems Services (*formerly* Information Systems Design, Implementation, or Integration) issued on March 15, 2018.

We understand the Committee’s efforts to better define and identify activities that would result in a member acting as management, thereby impairing independence. We are supportive of these efforts, and we agree with many aspects of the proposal clarifying most Information System Services relative to system design, implementation, installation, configuration, customization, and services related to interface modification and data translation. However, we have specific concerns regarding the language within section 19 contained under “System and Network Maintenance, Support and Monitoring”.

We believe that the language as written is overly narrow and fails to recognize that the listed services represent value added services that are provided at the request of and use by management, not as a replacement of management. We oppose these narrow definitions, and we feel they will cause harm to firms and their clients. It is very commonplace, especially within small and mid-sized organizations for management to retain all decision making responsibilities and simply assign a member a task or series of tasks. In these cases, it is our belief that members are not acting as management. It is entirely possible that a client be provided with varying sets of best practices for the management of a network, the achievement of optimal performance, or the security of a system. This would not be an uncommon outcome of an assessment that is defined in section 20 as not impairing independence. If that client directed a member whose staff contained the requisite skillset to follow a specific course and only that course, then the member will not have acted as management, but at their direction. While it is logical that a firm should not audit the work it has performed, a blanket independence impairment does not seem appropriate.

For the purposes of identifying what impairs independence, we believe the examples listed in section 19 should include acknowledgement and consideration of **management’s decision making status** and **involvement and specific and continuous direction** in the delivery process.

In addition to these comments above, we have attached responses to the Request for Specific Comments. Again, we appreciate the opportunity to comment and we look forward to the Committee’s future work on this and other professional standards.

Respectfully submitted,

A handwritten signature in blue ink that reads "Anders Minkler Huber & Helm LLP".

ANDERS Responses to Specific Requests for Comment

AICPA Professional Ethics Division Exposure Draft: Proposed Revised Interpretation – Information Systems Services (*formerly* Information Systems Design, Implementation, or Integration). Issued on March 15, 2018; Comments Due June 15, 2018. Submit to Ethics-ExposueDraft@aicpa-cima.org

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?
 - **Anders' Response** – The terminology appears to be sufficiently clear. However, we feel the proposal lacks the appropriate definition and consideration of **management's decision making status and management's involvement and specific and continuous direction.**

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.
 - **Anders' Response** – yes. We believe it is appropriate for the member to use professional judgement in making this determination.

 - 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?
 - **Anders' Response** – yes. There are numerous ways a member can provide valuable insights and services to attest clients, and these opportunities should be made available to both parties.

 - 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?
 - **Anders' Response** – yes. We feel the phrase “financial process” is sufficiently clear.

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?
 - **Anders' Response** – No, we do not believe it should include management dashboard reporting. Typically, dashboard reporting consists of obtaining data that is readily available in a company's system and accumulating and presenting it in a summarized and simplified way so management is able to quickly review it and make decisions based upon it. It is not considered the accounting system nor is it a source document.

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4. If adopted as proposed, do you believe the extended period of time would be needed to implement the guidance? Why or why not?
 - **Anders' Response** – Yes. If adopted as proposed, many clients may be disenfranchised and may need to seek new professional service providers, adopt new vendor contracts, and plan for unexpected costs. An extended period of time would be warranted to minimize the disruption to these clients. We feel two years would be necessary to implement this change.