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Professional Ethics Executive Committee  
c/o Toni Lee-Andrews, Director  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775  
Via e-mail: [Ethics-ExposureDraft@aicpa-cima.com](mailto:Ethics-ExposureDraft@aicpa-cima.com)

**Re: Information System Services**

Dear Members and Staff of the AICPA Professional Ethics Executive Committee (PEEC):

EKS&H is the largest CPA firm in Denver and in the Mountain Region and the 41<sup>st</sup> largest in the US, and we provide audit, tax and consulting services to mid-market public and privately-owned clients. Our consulting practice consists of over 175 people and more than 45 of those delivering Business Technology Services. We do not implement accounting systems and we do not provide any cloud hosting services, but provide comprehensive business-focused technology services including IT strategy and assessments, software selection, business analytics and infrastructure consulting services.

We have reviewed the Exposure Draft referenced above which proposes to revise the interpretation of significant threats to independence stemming from members providing "Information Systems Services," which is included in the Nonattest Services subtopic of the Independence Rule in the AICPA's Code of Professional Conduct. While we fully support the ongoing need to define and identify management activities that might impair independence of a member in public practice, we believe there are some practical aspects of providing such services that deserve additional consideration.

**Request for Specific Comments**

Question 2.a.

We believe the language in the proposal is overly narrow and fails to recognize that the consulting services are currently delivered in a myriad of ways. These services are increasingly provided by members not in place of management, but at the request of management. While seemingly innocuous, this distinction is extremely important. It is very commonplace, especially within small and mid-sizes organizations for management to retain major decision-making responsibilities and simply assign outside consultants routine tasks or series of tasks. In these cases, it is our belief that members are not necessarily assuming management responsibilities.

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 assessment described in paragraph .20. If a client directed a member to

follow a specific course and only that course, then the member should not be viewed as acting as management, but rather acting at the direction of management. We do not believe such circumstances result in a self-review threat. Accordingly, we believe a key consideration in the examples in paragraph .19 should be management's participation in making decisions and management's active involvement in the consulting service delivery process.

We believe the second sentence of paragraph .19 should be amended to read as follows:

*"If post-implementation services involve the attest client **delegating any type of decision making authority and** outsourcing an ongoing function, process, or activity to the member that in effect would result in the member assuming a management responsibility, compliance with the "Independence Rule" 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**."*

We believe .19a. should be clarified to read:

*"Operates the attest client's network, such as managing the attest client's systems or software applications **without specific and continuous direction from management**"*

We believe .19c. should be clarified to read:

*"Has responsibility for monitoring or maintaining the attest client's network performance **without specific and continuous direction from management**"*

We believe .19d. should be clarified to read:

*"Operates or manages the attest client's information technology help desk **where management has not dictated an industry standard framework to be used (e.g., ITIL, ITSM, etc.) and a set of standard operating procedures**"*

We believe .19e. should be clarified to read:

*"Has responsibility to perform ongoing network maintenance, such as updating virus protection solutions, applying routine updates and patches, or configuring user settings **without specific and continuous direction from management**"*

We believe .19f. should be clarified to read:

*"Has responsibility for maintaining the security of the attest client's networks and systems **without specific and continuous direction from management**"*

Question 3.

With regard to the committees solicitation of feedback on how management dashboards should be viewed in regard to whether or not they are part of the accounting and financial information system(s):

- “Dashboard” is used much too broadly as a term to really have any meaningful reliability in terms of achieving the stated outcome for independence purposes.
- Useful dashboards by design often are a combination of financial and non-financial information, so it seems that at a minimum, auditor judgement would be necessary to determine significance of reporting from financial perspective.
- Analytics and dash boarding is rarely or never given the same weight as financial statements in terms of the picture of record of the financial health of the company. Analytics from the database up are meant more for data discovery, recognition of trends, quick ad-hoc analysis and “fast over accurate” decision making, which doesn’t seem to be consistent with the objectives of attest engagements.
- Including management dash boarding at this stage I believe is premature given the inconsistent application of this practice in the middle market today and I believe would preclude many clients from receiving much needed services that could be provided by CPA firms like ourselves who are familiar with much of their data and relevant metrics and could assist them in harnessing available data integration and business intelligence technologies.

We thank you for your consideration of these topics. If questions, please contact Sean McBride, CPA at 303-796-4311.

Most Sincerely,

A handwritten signature in black ink that reads "EKS&H LLP". The signature is written in a cursive, slightly slanted style.

EKS&H LLLP