



June 25, 2018

Professional Ethics Division  
AICPA  
New York, NY 10036-8775

Re: Exposure Draft – Proposed Revised Interpretation: Information System Services

We are writing on behalf of the Emerging Standards Committee (ESC) of the Kentucky Society of Certified Public Accountants (KyCPA). The KyCPA is the sole professional organization representing CPAs in the Commonwealth of Kentucky. Its 5,100 members are engaged in business communities throughout the Commonwealth and have a comprehensive grassroots view of the needs of businesses, ranging from large public companies to small owner-managed businesses. KyCPA's ESC consists of a group of KyCPA members organized to monitor the activities of accounting and auditing standard setters, as well as government authorities, with the objective of participating in the standards-setting process by providing thoughtful comment on developing issues.

Our comments for your consideration are as follows:

Overall, we believe the Exposure Draft is helpful in offering guidance for members in circumstances they may encounter involving Information System Services. However, we have concerns that the Exposure Draft, as written, contains vague wording in need of clarification or elaboration. They include:

Paragraph .04 in the Text of Proposed Interpretation – This paragraph notes that “...Designing and developing a template that performs a discrete calculation such as a tax provision or depreciation calculation does not constitute designing or developing a financial information system and will not impair independence, provided the template does not perform an activity that, if performed directly by the member, would impair independence and the member complies with all the requirements of the Nonattest Services subtopic 1.295 of the Independence Rule.”

We suggest providing additional clarification on the application of the term “discrete”, which generally means “individually separate and distinct”. It is not uncommon for members to be providing accounting related services such as these, among others, on a recurring basis that may be monthly, quarterly, or when applicable.

Further, in this same paragraph we suggest additional clarification on “the activity” the template would perform that would impair independence if performed directly by the member.

**Questions within Request for Specific Comment:**

**Question 1** – Is terminology used in the proposal readily understood?

**Response:** See our comments above (and in question 3 below) relating to terms needing additional clarification.

**Question 2** - Should the proposal include specific guidance on what is “significant”? It is now left to the professional judgment of the member.

**Response:** We agree with the approach used by PEEC. There is no need for specific guidance on “significant” due to the myriad circumstances and applications.

**Question 3** - Do you believe a system that gathers data that assists management in decisions that directly affect financial reporting would include management level dashboard reporting?

**Response:** It could. Accordingly, we also suggest additional guidance be provided in this area. This guidance should also elaborate on the term “directly affect (or impact) financial reporting”. Dashboard reporting may both directly or indirectly impact financial reporting so additional guidance would be helpful.

**Question 4** – Would an extended period of time be needed to implement the guidance?

**Response:** We suggest at least one year after the appearance in the Journal of Accountancy. This would provide time for members and their firms to fully understand this guidance and implement into their practices. This would include the traditional CPE timeframes and offerings as well.

Thank you for considering our thoughts.

Sincerely,

A handwritten signature in blue ink that reads "Glenn Bradley". The signature is written in a cursive, flowing style.

Glenn Bradley, CPA, Chair  
On behalf of the Emerging Standards Committee  
Kentucky Society of CPAs