

Professional Ethics Division  
American Institute of Certified Public Accountants  
Ethics-ExposureDraft@aicpa-cima.com

Re: Proposed Revised Interpretation  
Information System Services (*formerly* Information Systems Design, Implementation, or  
Integration)

Dear Toni Lee-Andrews, Director

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Proposed Revised Interpretation. The FICPA has more than 20,000 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of approximately 23 members, of whom 48% are from local or regional firms, 26% are from large multi-office firms, 13% are sole practitioners, 9% are in international firms, and 4% are in education. The Committee has the following comments related to the proposed interpretation:

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?

The Committee believes the proposed terminology is consistent with industry practice and should be readily understood. However, the Committee is concerned the proposed terminology is not consistent with the definition of Information Technology Services in Government Auditing Standards<sup>1</sup> (GAS). Because the proposed terminology is not consistent with GAS, the Committee believes this may create confusion for auditors when evaluating threats to independence.

With respect to “Configuring a COTS Financial System Software Solution”, the Committee believes paragraphs .09 and .10 should be expanded and at least one example provided. For example, the Committee is not sure “...selecting the predefined format of certain data attributes and the inclusion or exclusion of such attributes.” would be easily understood. Some auditors might not recognize “configuring” in this context would include actions such as defining the account number structure or financial information format.

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

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<sup>1</sup> The proposed terminology is inconsistent with current Government Auditing Standards and those proposed and currently being deliberated by the Government Accountability Office.

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

The Committee does not believe it is appropriate to define “significant” as it is a matter of auditor judgment.

- 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?

The Committee believes the exception is appropriate and the proposed standard is not, in the opinion of the Committee, less restrictive than current standards.

- 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?

The Committee believes the phrase “financial process” clarifies member responsibilities relating to processes potentially affecting a financial process.

- 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?

The Committee believes management-level dashboard reporting assists management in making decisions directly affecting financial reporting. Additionally, the Committee believes dashboard reporting is a common method by which management accesses information, including financial information for decision making.

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

The Committee believes the proposed interpretation should require the auditor to assess the ongoing effect of Information System Services retrospectively and prospectively when evaluating the effect of such services on independence. For example, an auditor should evaluate the effect of providing Information System Services provided in prior years the first year the entity becomes an assurance client and all years thereafter.

The Committee appreciates the opportunity to comment on this proposed interpretation. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

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Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

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