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Professional Ethics Division
AICPA Professional Ethics Executive Committee

To whom it may concern:

We have thoroughly reviewed the recent Exposure Draft which proposes revising the interpretation of the significant threats to independence stemming from "Information Systems Services" which is included in the Nonattest Services subtopic of the Independence Rule. We would humbly request that the Professional Ethics Executive Committee, Task Force, and all other related parties review and carefully consider the following comments prior to making a final pronouncement.

While we fully support the need to better define and identify activities that would result in a member acting as Management and thereby impairing independence, we also recognize that, given the breadth of potential Information System Services, it is impractical to define every scenario where such an impairment may occur.

We believe the committee has done a very good job in clarifying most Information System Services relative to system design, implementation, installation, configuration, customization, and services related to interface modification and data translation. We would ask that the parties take a closer look and reconsider the language contained 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 are delivered in a myriad of ways. In fact, these value added services are increasing provided by members to the market and are often not provided 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 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 key distinction in the examples listed in section 19 should be management's decision making status and involvement in the delivery process.

We believe that the second sentence of section 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 that 19(a) 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 that 19(b) should remain as drafted as this is a service where the member would clearly be acting as management.

We believe that 19(c) 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 that 19(d) 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 (ITIL, ITSM, etc.) and a set of standard operating procedures**"*

We believe that 19(e) 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 that 19(f) 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**"*

We believe a statement similar to paragraph 08 should be added to this section to read:

"When a member provides system and network maintenance, support and monitoring under the specific direction of management, with management retaining responsibility for such functions, threats to compliance with the "Independence Rule" would be at an acceptable level, provided all the requirements of the "Nonattest Services" subtopic of the "Independence Rule" are met."

It does appear that the committee has also drawn a major distinction between discrete nonrecurring and on-going services and it appears that it considers recurring or ongoing services as much more likely to impair independence. We do not believe this is the case. Technology has made nearly all of these service portable and easily replaceable. Management can at any time decide to replace a member with any number of alternatives. The fact that services are easily moved only further empowers the independence of management to operate their businesses as they see fit and reinforces the member's responsibility to act in an ethical and professional manner.

We thank you for your consideration of these topics and would be more than willing to participate in any follow-up process in advance of your final proclamation.

Most Sincerely,



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