

April 12, 2017

Lisa A. Snyder  
Director of the Professional Ethics Division  
AICPA  
1211 Avenue of the Americas  
New York, NY 10036

By email: [lsnyder@aicpa-cima.org](mailto:lsnyder@aicpa-cima.org)

**Re: AICPA Professional Ethics Division Exposure Draft – *Omnibus Proposal,  
Proposed Revised and New Interpretations Applicable to Members in Business,  
January 9, 2017***

Dear Ms. Snyder:

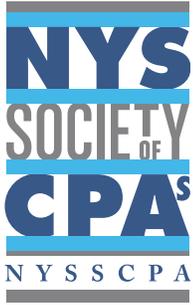
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Renee Rampulla, Chair of the Professional Ethics Committee, at (212) 719-8361, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

F. Michael Zovistoski  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**AICPA PROFESSIONAL ETHICS DIVISION EXPOSURE DRAFT – *OMNIBUS  
PROPOSAL, PROPOSED REVISED AND NEW INTERPRETATIONS APPLICABLE TO  
MEMBERS IN BUSINESS,  
JANUARY 9, 2017***

**April 12, 2017**

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## **New York State Society of Certified Public Accountants**

### **Comments on**

### ***AICPA Professional Ethics Division Exposure Draft – Omnibus Proposal, Proposed Revised and New Interpretations Applicable to Members in Business, January 9, 2017***

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the AICPA’s Professional Ethics Executive Committee’s (PEEC) Exposure Draft – *Omnibus Proposal, Proposed Revised and New Interpretations Applicable to Members in Business, January 9, 2017*. We support the PEEC’s efforts to provide new and expanded guidance to assist members dealing with these difficult situations.

#### **General Comments**

We recommend that the effective dates of the revised and new interpretations be delayed by a minimum of three months after the last day of the month in which they are published in the *Journal of Accountancy* in order to provide sufficient time for members to become familiar with their provisions and with members’ responsibilities and possible safeguards to be considered.

We also recommend that the PEEC consider developing comparable guidance on these subjects for members in public practice.

#### **Specific Comments**

We suggest the following proposed revisions to the “Knowing Misrepresentations in the Preparation of Financial Statements or Records” Interpretation:

- ET 2.130.010 – Consider replacing the word “Knowing” in the title with “Known”, which would seem more appropriate, or perhaps consider an entirely new title to reflect the additional matters now covered in the revised interpretation. If a new title is adopted, then conforming changes will need to be made throughout the guidance.
- ET 2.130.010.0 – Consider providing clarification for the phrase “..... in the preparation of information both within and outside the employing organization” by inserting “for use” after the word “information.”
- ET 2.130.010.02 – In the second line, consider replacing the term “state of affairs” with a term such as “operations.”

- ET 2.130.010.02 – In the second sentence, consider replacing “...such as...” with “...including, but not limited to...”
- ET 2.130.010.03 – In paragraphs .03a., .03b., and .03c., consider beginning the paragraphs with “Present” and “Prepare or present” rather than “Presenting” and “Preparing or presenting.”
- ET 2.130.010.05a. and .05b. (and the preceding caption ) – Consider using the term “financial information” instead of “financial statements or records,” to be consistent with the change in the title of the interpretation.
- ET 2.130.010.05b. – Consider changing the phrase “has the authority to record the entries” to “has the authority to make the corrections” to recognize that not all corrections to information may involve entries.
- ET 2.130.010.06 – We suggest that this section be deleted, as it is already adequately covered in the interpretation.
- ET 2.130.010.07 – Consider clarifying the last sentence, as a member may not believe sufficient guidance has been provided.
- ET 2.130.010.08 – We recommend that documentation of factors considered in determining whether reliance on others is reasonable be required. Additionally, we suggest that independence, if applicable, be included as another factor to consider in determining whether to rely on others.
- ET 2.130.010.10b. and c. – There is a reference in paragraph .10b. to “external auditor” and in .10c. to “external accountant.” Consider whether the same identification should be used in each instance, and if so, which one it should be.
- ET 2.130.010.11:
  - We recommend that examples be provided illustrating how members would disassociate themselves from the information believed to be misleading.
  - We believe that clarification of a member’s responsibilities is needed when they refuse to be associated with the misleading information that has not been withdrawn and is presented to its intended users.
  - We suggest that the responsibilities to discuss concerns to third parties be expanded and that examples be provided.
  - We believe that complying with the provisions of this paragraph may have a profound negative effect on a member’s career and livelihood. Therefore we suggest that robust guidance be provided to assist members when dealing with these difficult situations, and whether there is any relief from

these provisions should a member have the misfortune of finding themselves in these situations.

- ET 2.130.010.12 – Consider providing specific guidance and clarification on the responsibility to disclose concerns to third parties. In addition, we believe that such responsibilities should be discussed in the context of ET 2000.020, “Ethical Conflicts.”
- ET 2.130.010.13 – We suggest that documentation not only be encouraged, but required.

We suggest the following proposed revisions to the “Pressure to Breach the Rules” Interpretation:

- ET 2.140.010.01, .02, and .03 –The “Integrity and Objectivity Rule” is found at 2.100.001, not 2.110.010.
- ET 2.140.010.07d. – Consider providing guidance addressing circumstances where the pressure on the member is eliminated, but the breach still exists in the organization and the pressure may be transferred to others.
- ET 2.140.010.08 – Consider providing guidance to address the possible negative effects on a member’s career when the member complies with the provisions of this paragraph. Please refer to our comment in ET 2.130.010.11 above.