

# NASBA

*108th Annual Meeting*

*Dana Point, California October 25-28, 2015*

## **Ethics Committee**

Raymond N. Johnson, CPA, Ph.D., Chair

# ETHICS ALERT

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## What's Coming Over The Horizon

# Transfer and Return of Client Records

- Confidentiality when reviewing or acquiring a member's practice
- A member's responsibility when a practice is sold or transferred
- A member's responsibility when a practice is discontinued
- The responsibility of a member who acquires a practice

# Transfer and Return of Client Records

- The Conundrum: What to do when a member (licensee) become incapacitated or dies.

# Definition of a Client

- Under discussion: The client should be the person or entity that engages the member
  - This would not include a target entity that does not engage the member
- Definition of attest client – not necessarily a subset of definition of a client.

# Definition of a Client

- Will address members in governmental audit organizations
- Will address disclosure of confidential information related to a non-client (e.g. target entity) in definition of attest client.

# Information Technology and Cloud Services

- Addressing the self-review and management participation threats when a member provides hosting services to an attest client

# Commissions and Contingent Fees

- Considering the need to revise the Code to expand the prohibition of acceptance of commission or contingent fees to all attest clients.
- Addressing whether any additional safeguards are needed (e.g., written disclosure)



# AICPA Codification / State Board Rule Review

- Recent PEEC Questionnaire to State Boards on Client Records

## Independence: Entities Included in State and Local Government Financial Statements

- Determine if a conceptual framework assessment could be utilized to determine when a member needs to be independent of state and local government entities for which he or she is not providing financial statement attest services.

# Non-Compliance with Laws and Regulations (NOCLAR)

- International Ethics Standards Board for Accountants
- 4 Categories
  - Auditors
  - Other Professional Accountants in Public Practice
  - Senior Professional Accountants in Business
  - Other Professional Accountants in Business

# AICPA Code of Conduct

- 19 States have adopted the AICPA Code of Professional Conduct
- **ENGAGE A DISCUSSION** about whether your state board should adopt the AICPA Code of Professional Conduct

# QUESTIONS?

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