



National Association of State Boards of Accountancy

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September 2, 2024

Professional Ethics Executive Committee
American Institute of Certified Public Accountants
1345 Avenue of the Americas
New York, NY 10105

Via e-mail: ethics-exposedraft@aicpa.org

Re: Exposure Draft: Proposed revised interpretation: Executive or Employee Recruiting

Dear Members and Staff of the AICPA Professional Ethics Executive Committee (PEEC):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to comment on the above-referenced Exposure Draft, ***Proposed revised interpretation: Executive or Employee Recruiting*** (the Exposure Draft). NASBA's mission is to enhance the effectiveness and advance the common interests of State Boards of Accountancy (State Boards) that regulate all Certified Public Accountants (CPAs) and their firms in the United States and its territories, which includes all audit, attest and other services provided by CPAs. State Boards are charged by law with protecting the public.

In furtherance of that objective, NASBA supports the PEEC in this initiative. We have reviewed the Exposure Draft and offer the following comments.

Comments on Specific Questions

a. Do you agree with the addition of the familiarity and undue influence threats when evaluating recruiting services for independence? If you disagree, please explain why.

NASBA agrees with the addition of the familiarity and undue influence threats when evaluating recruiting services for independence.

b. Do you agree with the proposal to prohibit some services for key positions but allow them for non-key positions? If you disagree, please explain why.

While NASBA agrees with the proposal to allow services for non-key positions, we do not believe that the prohibition for key positions goes far enough. We understand the desire to converge U.S. standards with international standards. Nevertheless, we are concerned that providing services for key positions regardless of the number of candidates recommended is potentially problematic. If a practitioner recommends candidates, there is an implication that the practitioner may not be

objective in assessing their work product in connection with an attest engagement. Independence in both fact and appearance is critical from a public protection perspective.

c. Do you agree with the addition of examples of services that may be provided by members without impairing independence? If you disagree, please explain why.

NASBA agrees with the addition of examples of services that may be provided by members without impairing independence. Examples that clearly delineate terms such as “engaged”, “recommend”, and “search” would be helpful to the practitioner.

d. Do you think there are any positions at an attest client for which the member should not advise on candidate competence? Please explain your response.

As indicated more fully in our response to question b., NASBA believes that services in connection with key positions should not be permitted. In addition, NASBA believes there are non-key positions at an attest client for which the member should potentially not advise on candidate competence. For example, while in theory a member may have the competence to advise on the hiring of an Assistant Controller, there could very well be situations in which a member would not have sufficient competence to assist in the hiring of an Assistant Legal Counsel?

e. Do you agree with the proposal to prohibit members from negotiating on behalf of an attest client for all positions? If you disagree, please explain why.

NASBA agrees with the proposal to prohibit members from negotiating on behalf of an attest client for all positions.

f. Do you agree that the recommended effective date of January 1, 2026, provides adequate time to implement the proposals? If you disagree, please explain why.

NASBA agrees that the recommended effective date of January 1, 2026, provides adequate time to implement the proposals.

We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,



Stephanie M. Saunders, CPA
NASBA Chair



Daniel J. Dustin, CPA
NASBA President and CEO