



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web [www.nasba.org](http://www.nasba.org)

June 12, 2023

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](mailto:ethics-exposedraft@aicpa.org)

**Re: Exposure Draft: Proposed New and Revised Interpretations Related to Fees**

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 New and Revised Interpretations Related to Fees*** (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 have the following suggestions for improving the understandability and applicability of the interpretations.

### **General Comment**

We believe that the proposed new and revised interpretations may have a disproportionate impact on small firms that focus on attest work and as such, PEEC should assess the proposed new and revised interpretations from the perspective of a small firm.

### **Comments on Specific Questions**

*a. Do you agree with the use of **covered member** in the proposed new interpretations? If you disagree, please explain why.*

NASBA agrees with the use of *covered member* in the proposed interpretations.

*b. Do you agree with the engagement scope in the proposed new interpretations, especially where the proposed scope goes beyond IESBA's? If you disagree, please explain why.*

NASBA agrees with the engagement scope in the proposed new interpretations.

*c. Is it clear that threats related to fee dependency should be considered each year, not just at year five?*

NASBA does not believe it is clear that, as written, the threats related to fee dependency should be considered each year, not just at year five. We recommend that the language in paragraph .04 be re-written to clarify explicitly that there is an expectation that threats related to fee dependency should be considered annually, not just at year five.

*d. Do you believe the considerations in paragraphs 12–14, 22, and 23 of the explanation should be included either in the proposed interpretations or as nonauthoritative guidance? If so, please explain why.*

NASBA believes the interpretations provide sufficient information to the member and the considerations in paragraphs 12-14, 22, and 23 of the explanation should be included as nonauthoritative guidance. In addition, we believe that clarifying language should be added to paragraph 14 to indicate that annual assessments of threats will have already taken place in years one through five.

*e. Do you agree that total fees from an attest client should include fees received from entities described under items (a) and (b) of the definition of **affiliate**? If you disagree, please explain why.*

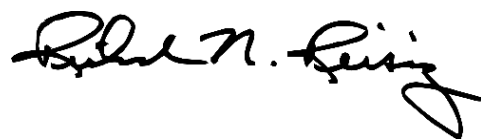
NASBA agrees that fees from an attest client should include fees received from entities described under items (a) and (b) of the definition of affiliate; however, further clarification on how fees impact independence within the definition of affiliate would be helpful to the user.

*f. Do you agree that the effective date provides adequate time to implement the proposals? If you disagree, please explain why.*

NASBA agrees that the effective date provides adequate time to implement the proposals.

We appreciate the opportunity to comment on the Exposure Draft.

Very truly yours,



Richard N. Reisig, CPA  
NASBA Chair



Ken L. Bishop  
NASBA President and CEO