



May 15, 2017

Ms. Lisa Snyder
Director, Professional Ethics Division
AICPA
1211 Avenue of the Americas
New York, NY 10036-8775

Dear Ms. Snyder:

On behalf of the National State Auditors Association, we appreciate the opportunity to respond to the AICPA's Professional Ethics Executive Committee's exposure draft, *Proposed Revised Definitions of Client and Attest Client as well as Related Definitions, Interpretations, and Other Guidance*.

We have reviewed the exposure draft and generally agree with the revisions. We appreciate that the Committee has continued the simultaneous employment interpretive guidance for members in certain government organizations and included alerts in the client and attest client definitions referring members in government organizations to the simultaneous employment interpretation. The interpretive guidance is important and meaningful guidance for government audit organizations, and the alerts serve to remind members in government organizations that they need to consider the simultaneous employment interpretation. Further, the *Revised Records Requests* and *Disclosing Information* interpretations help clarify the various circumstances affecting client-provided and confidential information to engaging or benefitting entities.

We do have one comment we believe the Committee should consider as it finalizes this document. We believe a fourth criterion should be added to the government provision in sections 1.275.005.03b and 1.000.02. The existing criteria were added to the Code in 1998. At that time, those three same criteria were listed in *Government Auditing Standards*. Since the addition of that provision to the Code in 1998, a fourth criterion was added to *Government Auditing Standards (2003 Revision)*, i.e., Appointed by, accountable to, reports to, and can only be removed by a statutorily created governing body, the majority of whose members are independently elected or appointed and are outside the organization being audited. We request the Committee add this criterion to the government provision as item d. to be consistent with *Government Auditing Standards*.

We appreciate the opportunity to respond to such an important document. Should you have any questions or need additional information regarding our response, please contact Sherri Rowland of NSAA at (859) 276-1147 or me at (609) 847-3470.

Sincerely,

Stephen M. Eells
President, NSAA